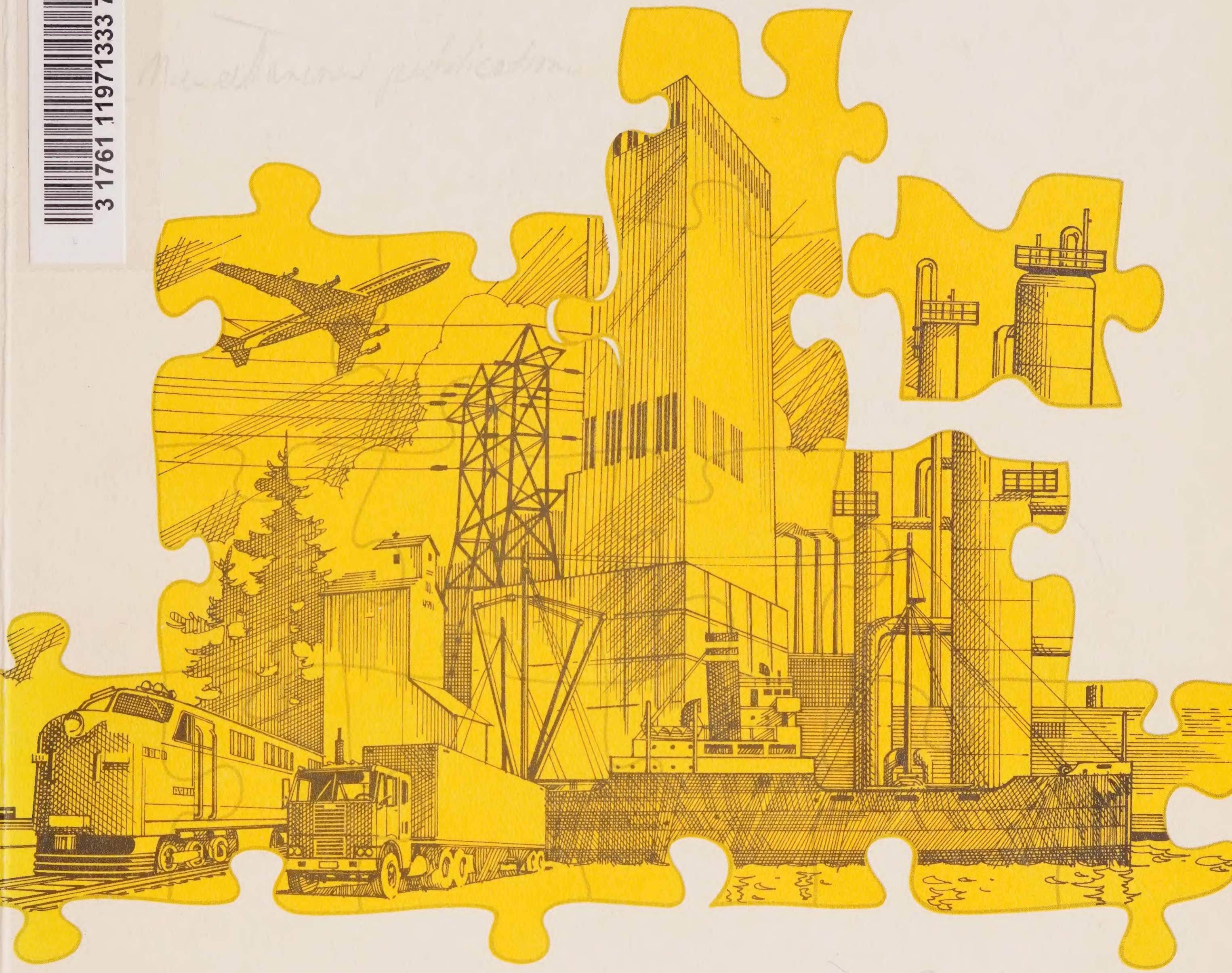
Royal Commission on Corporate Concentration



STUDY NO. 1

Argus Corporation Limited

A Corporate Background Report

Royal Commission on Corporate Concentration

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by

H. T. Seymour

Pitfield, Mackay, Ross & Company Limited

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FOREWORD

In April 1975 the Royal Commission on Corporate Concentration was appointed to "inquire into, report upon, and make recommendations concerning:

(a) the nature and role of major concentrations of corporate power in Canada;

(b) the economic and social implications for the public interest of such concentrations; and

(c) whether safeguards exist or may be required to protect the public interest in the presence of such concentrations."

To gather informed opinion, the Commission invited briefs from interested persons and organizations and held hearings across Canada beginning in November 1975. In addition, the Commission organized a number of research projects relevant to its inquiry. One such project resulted in a series of studies, of which this is one, dealing with the growth of large diversified corporations in Canada. The series was coordinated by Charles B. Loewen of Loewen, Ondaatje, McCutcheon & Co. Ltd., an investment firm in Toronto.

The report on Argus Corporation Limited is one of 12 studies in the series. It was prepared by a research team from Pitfield, Mackay, Ross & Company Limited, supervised by Harry T. Seymour, B.A., B.A. Sc., M.B.A., a Vice President and Director of the firm. Pitfield, Mackay, Ross & Company Limited has followed the affairs of Argus Corporation Limited since that company was founded in 1945.

The Commission is publishing this and other background studies in the public interest. However, the analysis presented and conclusions reached in each study are those of the author, and do not necessarily reflect the views of the Commission or its staff.

TABLE OF CONTENTS

Page

Page

APPENDIXES

NOTES

TABLES

Page

Page

Page

FIGURES

ADDENDA

Subsequent to filing this report with the Royal Commission on Corporate Concentration, the following developments to this submission occurred:

1) At the Annual Meeting of Hollinger Mines Limited on May 14, 1976, A.L. Fairley, President, said that the $6.2 million investment purchase mentioned in the 1976 Annual Report was the acquisition of 300,000 shares of Domtar Limited.

2) George M. Black, Jr., a director, officer and shareholder of Argus Corporation and Ravelston Corporation, died on June 29, 1976. Mr. Black acted as a representative, as President, of Western Dominion Investment Limited, which held a 22.4% interest in Ravelston equal to 231,297 of the 1,032,575 common shares of Argus (or 61%) held by Ravelston.

3) Argus sold its remaining 500,000-share interest in British Columbia Forest Products Limited at $22.00 net on July 5, 1976, through investment dealers Pitfield, Mackay, Ross & Company Limited, Dominion Securities Corporation Limited, Harris & Partners Limited, and A.E. Ames & Company, thereby eliminating this holding from its portfolio. The total realized profit on its original investment was approximately $16.9 million after income taxes.

4) Power Corporation of Canada Limited acquired the Windfields Farm holdings of Argus common shares, amounting to 175,000 shares or 10.3% of such shares outstanding, in June 1976. Along with open market purchases, the beneficial ownership of Power Corporation at August 31, 1976, directly or indirectly, amounted to 433,615 common shares, or 25.6% of such shares outstanding.

INTRODUCTION

Argus Corporation Limited is a closed-end investment corporation with large minority holdings in Dominion Stores Limited, Domtar Limited, Hollinger Mines Limited, Massey-Ferguson Limited and Standard Broadcasting Limited. As well it had at one time substantial minority holdings in Canadian Breweries Limited and British Columbia Forest Products Limited. Although it would, because of the size and range of its holdings, be in any case a subject of interest to a body such as the Royal Commission on Corporate Concentration, it is of particular interest to this Commission because it was primarily as a result of the concern and comment attending the abortive attempt of Power Corporation of Canada, Limited, to take over Argus in April 1975 that the Commission was established.

To aid the Commission in its deliberations we were asked to conduct a study of the corporate, financial and acquisition history of Argus, excepting only Domtar Limited, a report on which is appearing separately in this series. Accordingly we have done so, basing our research primarily on an extensive review of public sources.

We begin our study with a description and history of Argus Corporation along with an account of the early career of E.P. Taylor, the original moving spirit behind Argus, and the source of its basic corporate philosophy (Chapter 1). This is followed in Chapter 2 by a discussion of the interlocking corporations that have played a significant role in some of Argus' acquisitions. The next two chapters describe Argus' major investments (Chapter 3) and some of its unrealized initiatives (Chapter 4). Finally, in Chapter 5, we present a review of the growth and financial performance of both Argus itself and its major investments. Further historical, financial and corporate personnel detail may be found in the Appendixes.

A NOTE ON INTERPRETATION

In this study, we have referred generally to the relationship of Argus Corporation Limited with the companies in which it has a significant investment as being one which results in "control" or in a "controlling interest". In the context of the study, we, of course, do not mean that Argus has "legal" or majority control of any such companies but rather that Argus appears to be in a position to exercise "minority or working control" of such companies. The concept of minority or working control, while illusive, is premised upon a sufficient share interest in a company that the shareholder is in a position to affect or influence materially the affairs of the company directly or ultimately through that share interest. Conversely, it reflects that there is a fairly wide distribution of the shares of the company, that no other shareholding in the company is sufficiently large to act as a catalyst to gather a majority of the votes and that management of the company is not antagonistic to

the interests of the minority control. There are, of course, serious limitations and uncertainties in certain cases for minority control through a substantial minority shareholding, and minority control is often exercised in association with other factors, including use of the company's proxy machinery, selection of favourably inclined directors, the use of executive committees, the ability to prevent significant corporate action, other business associations, the use of persuasive influence and reputation and the absence of interference or challenge by shareholders and management. Passivity in day-to-day management by those holding a form of minority control is not necessarily indicative of a lack of power to control; a management that exercises the on-going conduct of the affairs of the company may be a reflection of the support of the persons who have the ultimate power to control.

The reader should be aware, however, that Argus Corporation Limited does not consider that it exercises control over any of the companies in which it holds major investments, with the possible exception of Standard Broadcasting Corporation Limited.

The following quotation, extracted from page 1 of the Brief of Argus Corporation Limited to the Royal Commission on Corporate Concentration, October 6, 1975, is included to reflect the Corporation's views on the matter.

> ...Argus has always taken the position, and it has been so stated at numerous annual meetings, that it cannot speak for the companies comprised in such investment holdings. It should be stressed that the Argus investment in such companies, while large, is a minority interest and though it is represented on their Board of Directors (with one exception), Argus is not involved in day-to-day management.
>
> In our opinion, there have been widespread misconceptions, partly reflecting inaccurate references in the press, concerning Argus' "control" of the companies which comprise its investments....Such proprietary interests and Board representations on the part of Argus do provide the Corporation with an influence in the affairs of the companies but, in our opinion, such relationships could properly be described as supportive, consistently encouraging longer-term growth, but do not represent "control" of such companies.

CHAPTER 1

ARGUS CORPORATION LIMITED

INTRODUCTION

Mr. E.P. Taylor, who conceived and founded the Argus[1] Corporation (incorporated in Ontario, September 24, 1945), has described the company as follows:

> [It] was a long-term growth company that I founded in 1945. In the course of my travels I was introduced to an American, Floyd Odlum,[2] who had achieved great success with a non-diversified trust called Atlas Corporation in the States. I conceived the idea of modeling Argus after Atlas. I exchanged my personal investment holdings for shares in Argus Corporation, including my shares in Canadian Breweries, Massey-Ferguson, and BCFP. My original board of directors* included Col. Eric Phillips, whom I had worked with during the war, and Wallace McCutcheon. We became very good friends and I was very much impressed with their abilities. McCutcheon was put on the Canadian Breweries Board 'round 1934 by the company's principal banker. He was a young lawyer then and was put on to watch me! But we became good friends. He did a splendid job during the war as senior deputy in price control, so I invited him. I also invited Bud McDougald, but he said no at the time, he didn't believe in investment trusts, because the shares usually sold at a discount from the net book value. Eventually, ten years later, in 1955, he came onto the Argus Board.[3]

Prior to World War II, the Canadian economy was essentially oriented toward resource extraction (with a minimum of processing) and trade. The war necessitated a reorientation of Canada's economic system, however, and the "dollar-a-year men" were mobilized to create a modern, industrialized manufacturing state to meet the needs of the war effort. Taylor and his colleagues had faith that Canada would not retreat from the industrialization phase experienced between 1939 and 1945, and hence decided to invest in growth companies. Taylor and his associates created Argus to participate in this potentially favourable environment. To an extent, their expectations were self-fulfilling in that the activities of Argus and its founders contributed significantly to the very process of industrial development they had anticipated.

In the thirty years since its founding Argus has increased its assets from $12 million to $205 million and expanded its portfolio to incorporate a representation across a broad spectrum of Canadian industry.[4]

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* - See Appendix E, p. 196.

Following M.W. McCutcheon's resignation in 1962 and W.E. Phillips' death in 1964, J.A. McDougald, George M. Black, Jr., Maxwell C.G. Meighen and A.B. Matthews assumed increased responsibility for Argus' activities. In 1966, E.P. Taylor began reducing his involvement in the company and concentrating on unrelated opportunities. As a result, McDougald, who had refused an invitation to join the board in 1945, but who had agreed to become a director in 1955, became Chairman and President.[5]

Today, Argus influences the corporate actions of organizations representing over $2 billion worth of commercial and industrial assets.

Before continuing with the description of Argus itself, however, it would be useful to review Taylor's early career, since the conception and basic philosophy of Argus grew out of his experiences in rationalizing the fragmented Ontario brewing industry, his participation in the allied war effort and finally his mobilization of prominent businessmen to manage the investment interests of Argus, one of Canada's major holding companies.

HIGHLIGHTS OF E.P. TAYLOR'S CAREER 1923-45

THE FORMATION OF CANADIAN BREWERIES LIMITED

Between 1916 and 1927, the period of prohibition under the Ontario Temperance Act, many of the 40-odd breweries in Ontario had closed. However, when in 1927 the Ontario Liquor Control Act allowed sale of beer under government supervision for consumption in the home, the number of breweries quickly rose to 37. This overexpansion created severe financial hardship in the industry, despite attempts to alleviate the situation by merging the small units to save them from liquidation.[6]

The overexpansion was aggravated by (1) the stock market crash of 1929; (2) the economic depression of the early 1930's; and (3) the drop in exports arising from the 1933 repeal of prohibition in the United States. The fortunes of companies that survived this period improved after 1934, when amendments to the Liquor Control Act extended the right to sell beer to hotels. Consumption continued to expand with improving economic conditions in the late 1930's, the advent of World War II, the introduction of the cocktail bar in 1946 and Canada's strong expansionary phase in the postwar period.[7]

Charles Magee, Taylor's grandfather, had acquired control of Brading Breweries Limited, Ottawa, in 1914, and Taylor's father

became director and later president. Taylor himself became a director in 1923.[8] Brading Breweries was the base upon which he built Canadian Breweries Limited.

> I conceived the idea of a merger of the breweries in Southern Ontario about 1927 [wrote Taylor], and in 1929 I merged the Kuntz and Brading breweries, and was negotiating with Duncan McLaren of Canada Bud for the inclusion of that company.
>
> It was during these conversations that McLaren introduced me to Clark S. Jennison who was negotiating for the Northern Ontario breweries, of which Duncan was a shareholder.... I urged him to switch the English money which he had raised to my project because I felt that Southern Ontario was a better field and...we joined forces and worked closely until his death.[9]

The Brewing Corporation of Ontario Limited was the original name of the company later to be known as Canadian Breweries Limited* (CNB). It was incorporated in Ontario on March 8, 1930. The name was changed on October 9, 1930, to Brewing Corporation of Canada Limited and further changed on April 21, 1937, to Canadian Breweries Limited.

E.P. Taylor was President and General Manager of the company from its incorporation, and Clark S. Jennison was Chairman of the Board until he died of a heart attack in 1931. The original authorized capital stock of the company consisted of 250,000 shares of no par value, $2.50 cumulative preference stock and 1,000,000 shares of no par value common stock.[10]

Liaison with the United Kingdom investors, introduced by Jennison, was carried on through a group known as the London Committee. This group constituted an important relationship for Taylor and the company, not only because stock was sold in England as well as in Canada, but also because English investors were largely responsible for loans to the company. Between 1930 and 1940, CNB raised $3.6 million in debt in the United Kingdom through the issue of serial notes and sinking fund debentures. The London Committee largely liquidated its holdings during World War II, and from 1943 the company raised its capital requirements in Canada.[11]

Methods of Financing

CNB acquired 17 brewing companies in Ontario during the period 1930-40, financing its acquisitions through a variety of methods, the most common being an exchange of shares.[12] The company often

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* - See Appendix A, pp. 111-15.

found it necessary, however, to vary, renew and repeat its offers persistently before finally acquiring either share control, or the assets of a company. In some cases, original offers were substantially increased in the course of discussions and, occasionally, companies were acquired at prices in excess of their actual value. In other cases, CNB first bought shares on the open market, only later seeking directors' agreement to a proposed merger. On occasion, when this approach failed, a direct appeal might be made to shareholders, over directors' advice, and control obtained. On other occasions, shares or assets were purchased for cash. Finally, in two cases, mortgages were purchased and control obtained by foreclosure.

History of Acquisitions

By March of 1930, through share exchanges, controlling interests were held in the following companies: Brading Breweries Limited; British American Brewing Company Limited; the Kuntz Brewery Limited and Taylor and Bate Limited, the last two being private enterprises.[13]

In August of the same year, the company acquired, through a share exchange, Canadian Brewing Corporation Limited, a holding company formed by K.S. Barnes, a partner in a Montreal brokerage firm, and its five wholly owned subsidiaries: The Dominion Brewery Company Limited, Toronto; The Empire Brewing Company Limited, Brandon, Manitoba; Grant's Spring Brewery Company Limited, Hamilton; The Kiewel Brewing Company Limited, St. Boniface, Manitoba; and, Regal Brewing Company Limited, Hamilton. Following this acquisition, Barnes became a director of Taylor's Brewing Corporation of Ontario Limited, and, simultaneously, Duncan J. McDougald, a Toronto investment banker and father of John A. McDougald, joined the board.[14]

CNB acquired control of Carling Breweries Limited, London, Ontario, on October 13, 1930. At that time, Carling's shares were selling for about \$2 to \$3. In order to obtain 60,000 shares in the hands of the Dominion Bank and 10,000 shares in the hands of Messrs. Law, Leon and Burns, the company agreed to pay \$10 per share, for a total of \$700,000, which represented \$490,000 more than the market value of the shares. The remaining shares necessary to obtain control were acquired by means of an exchange of CNB's stock for Carling's stock.[15]

In December 1931, the company acquired for cash a 51% interest in the Budweiser Brewing Company of Canada Limited, Belleville, Ontario. In November 1934, the remaining shares were acquired through a share exchange.[16]

Between 1930 and 1934, CNB purchased at intervals shares of Cosgrave Export Brewery Company Limited, Toronto, Ontario, on the open market and made repeated unsuccessful offers to exchange CNB

shares for Cosgrave shares in an attempt to acquire control. On January 14, 1931, in a letter written to James Cosgrave, Messrs. Taylor and Jennison asserted that the costs of production and the financial position of their company were now such that "it could meet a price war at any time and outlive practically all but a few very few competitors". During 1934 a share exchange with shareholders resulted in complete ownership.[17]

Expansion into the U.S. market began with the repeal of prohibition there in 1933. Peerless Motor Car Corporation of Cleveland, Ohio, converted its plant into a brewery and began brewing operations under the name Peerless Corporation. In return for granting certain trademark and other rights, CNB received 5% of Peerless' stock, with representation on the Board of Directors. That company was renamed Brewing Corporation of America in 1938. CNB continued to acquire stock in Brewing Corporation of America until control was obtained in 1944. By 1951, it held 95% of the issued stock, through a subsidiary, Canadian Breweries Inc.[18]

In March 1934, the company acquired for $35,000 cash the Welland Brewery Company of Welland, Ontario; subsequently, the plant was dismantled and the assets liquidated for $27,000.[19]

In the same year, CNB attempted to acquire O'Keefe's Brewing Company Limited, Toronto, one of the biggest companies in the industry, by purchasing in the market a significant percentage of the stock and then persuading the minority shareholders to accept shares in the new company. The shareholders, however, demanded a cash buy-out. Taylor, forced to raise $2,074,000, sold 200,000 CNB shares in Great Britain for $1,912,966. O'Keefe's was purchased for $1,700,000 in cash, with the balance of $374,000 payable over six months at 6% interest.[20]

On at least one occasion, when negotiating the acquisition by share exchange of a brewery, Taylor and his associates were forced to secure market support for their company's shares during the period of the offer. In May 1934, the company was endeavouring to acquire a minimum 51% interest in Canada Bud Breweries Limited, Toronto. When his offer was rejected, Taylor instructed English and Toronto brokers to "put a substantial volume of orders into the [stock] market between June 11 and June 14 [1934] as this is a critical period and the market quotations on our shares are of paramount importance to the success of the deal". As a result, many shareholders of Canada Bud Breweries exchanged their shares, and the directors capitulated. Notwithstanding, on expiration of the offer, CNB owned only a minority interest. It was not until 1938 that the company acquired a majority interest for cash; in 1942, through a share exchange, complete ownership was obtained.[21]

Riverside Brewing Corporation Limited of Riverside, Ontario, had been the object of CNB's attention since 1930, but the price asked for its shares by the larger shareholders was deemed too

high. In August 1935, a company subsidiary, Industrial Assets Limited, paid $75,000 for the $72,500 principal amount of first mortgage bonds of the Riverside Company from the Dominion Bank, foreclosed on the mortgage and sold the assets. Subsequently, Riverside Brewing Corporation was wound up.[22]

A similar procedure was used to liquidate The Hofer Brewing Company Limited, La Salle, Quebec. In 1939, CNB obtained control of Hofer Brewing through the purchase of 16,604 out of the 18,200 shares issued at a price of $1 per share. At the same time, the company bought most of the first mortgage bonds of Hofer at par from the bondholders. Although in possession of full control of the shares in October 1939, CNB used its position as a bondholder to foreclose on the mortgage.[23]

In the same year, the company acquired for cash a majority interest in The Reinhart Brewery Company Limited, Toronto. The following year the assets were liquidated and $4.12 cash per share was paid to the shareholders.[24]

Summary

Through the 1930's Taylor transformed the fragmented Ontario brewing industry.

CNB had sales of $14.3 million and net earnings of $81,012 on total assets of $12.7 million in the fiscal year ended October 31, 1941. The market value of the company's equity capital as of that date was $5.5 million.[25]

By consolidating the 17 brewing plants acquired in Ontario into 6, he reduced overcapacity and made the industry financially viable. He reduced the number of brands from more than 200 to 9. By improving efficiency and lowering operating costs, Taylor forced a rationalization of the brewing industry. In 1940, two major brewers remained in Ontario, Canadian Breweries and John Labatt Limited.

In addition, Taylor did much to make the brewing industry respectable. Prior to the election of 1934 in Ontario, there were "runners", who received a percentage rake-off from peddling beer to bootleggers. Taylor proposed to Labatt and the other Ontario brewers the establishment of a fund "for propaganda to produce a favourable background for the government to take necessary action". In addition, he had extensive discussions with the George S. Henry Conservative government and the Mitchell F. Hepburn Liberal Opposition, persuading them to promise beverage rooms. Hepburn won the election and beer went on sale in beverage rooms. Taylor subsequently replaced the runners with keen, ambitious, white-collar salesmen with orders to become community leaders.[26] He also improved working conditions, and instituted a

pension plan and group health, accident and life insurance.

In 1940, when Taylor had completed his Ontario program and no other acquisitions were contemplated, he joined the "war effort". Although he continued to plan and dominate every maneuver of the developing brewing complex during the next four critical years of its growth, he was absent from daily involvement.

WAR SERVICE, 1940-43

In 1940, Taylor left the CNB to become a "dollar-a-year" man, as a member of the Executive Committee of the Department of Munitions and executive assistant to the Minister, C.D. Howe. In that winter, Taylor and Howe went to England to work out the Canadian industrial production schedules that would meet the United Kingdom's most urgent requirements. When they returned, Howe sent Taylor to Washington as head of War Supplies Limited, the Crown agency charged with implementing the Roosevelt-King Hyde Park Agreement, designed to keep Canada out of lend-lease agreements. Under Taylor's direction more than a billion dollars' worth of Canadian goods was sold in the United States, helping to offset Canada's trade deficit with that country.

Taylor spent three years in Washington, where his success as Canada's representative came to the notice of Lord Beaverbrook, who recommended him to Winston Churchill as head of the new British Supply Council, formed to handle the more than $500 million dollars' worth of annual British buying in Canada.

In these positions, he came into contact with literally hundreds of the leading industrialists of the English-speaking world. The Canadians included W.E. Bayer, Harry Carmichael, Harold Crabtree, Wilfrid Gagnon, J. William Horsey, Gordon Leitch, H.R. MacMillan, M.W. McCutcheon, Hector Munro, Lt. Colonel W.E. Phillips, Austin Taylor and James S. Duncan. During his first year in government service, Taylor dined often with Duncan, the Massey-Harris President then serving as Deputy Minister for Air in the Department of National Defence. Duncan discussed with Taylor the great plans he had for the postwar expansion of Massey-Harris, Canada's largest maker of farm machinery. Taylor was impressed and began to acquire shares.[27]

Taylor's wartime achievements were recognized when, in July 1946, he was made a Companion of St. Michael and St. George, the highest Royal order that a Canadian civilian could be given at the time.

YEARS OF TRANSITION, 1944-45

Anticipating the successful resolution of the world conflict, Taylor withdrew from the war effort on January 1, 1944.[28] He had

kept in contact with the affairs of CNB through daily newsletters from Vice-President D. Clive Betts and biweekly trips to Toronto.[29] Upon resuming day-to-day control, Taylor immediately ordered new brewing equipment for manufacture as soon as conversion to civilian production permitted. This action placed his plants in the forefront of postwar modernization.

Taylor also began to make new investments in a number of other industries, believing that the years following the war's end would show significant growth.

ARGUS CORPORATION LIMITED, 1945-75

BACKGROUND AND PHILOSOPHY

Many Canadian businessmen believed that North America would encounter a severe recession in the aftermath of World War II, but Taylor and his new associates had great confidence in the future. "As the war drew to a close," W.E. Phillips recalled "we [Taylor and Phillips] saw quite a good deal of each other and we decided to do something based on our optimism for the future of this country".[30]

Much of Canadian industry was fragmented at the beginning of World War II. Taylor, as exemplified by his initiatives in the brewing industry, believed rationalization was necessary in order to make Canada a competitive industrialized country. He held that in every industry five or six firms should control among them perhaps 90% of the business, thereby concentrating the necessary resources for large-scale research, production, distribution and advertising.

To Taylor it was also necessary and natural to use leverage, through the judicious use of others' capital, in acquiring and expanding enterprises. Therefore, he also built Argus on his long-standing personal business philosophy: "I have always believed in borrowing".[31]

Taylor also believed in the advantages to a company of one dominant stockholder "who would act as a watchdog" but who holds less than a majority interest "so the rest of the shareholders can throw you out if you fall down on the job".[32]

Taylor and his associates also possessed strong national pride. On a number of occasions, when a Canadian company was threatened by foreign acquisition, Taylor and his associates moved swiftly to preserve Canadian ownership.[33]

Taylor believed in corporate growth. "I look for growth situations -- more than normal growth," he said. "You know what I mean: expanding small companies by the process of acquisition of

other companies that fit in, or by the process of just going into new products and increasing capacity. I'm only interested in businesses that grow, and have always been that way. How did I know which companies were going to grow? It's a question of judgement. I remember in the old days the shares of streetcar companies were considered gilt edge investments. Well, they dried out. Then, there was a time when the railroads were blue chip. Now they're all having a tough time, except the CPR. I never went into either of those things. It's worked out pretty well for me."[34]

Taylor succinctly summarized the Argus management approach in late 1958. "Normally, the men from Argus do not interfere with the operations of a company in which they hold an interest. We buy only into situations which we believe have growth and then see to it that the company has the money it needs to grow. The controls we exercise are fiscal; it is up to the management to operate. We keep hands off operations unless a situation appears to be getting out of hand."[35]

CAPITALIZATION

1945

Argus was incorporated by Ontario Letters Patent on September 24, 1945, with authorized capital of 2,500,000 no par value common shares. By Supplementary Letters Patent, the capital of the company was increased by the creation of 50,000 4½% cumulative redeemable preference shares of a par value of $100, convertible into seven common shares until December 31, 1950, and into five common shares until November 30, 1955.[36]

On October 27, 1945, Argus purchased the portfolios of Canadian Industrial Investments Limited and Invesco Limited (Invesco) for Argus shares and cash, and certain holdings of W.E. Phillips, J.W. Horsey and other unidentified parties for cash. Although specific ownership interests are unknown, E.P. Taylor, W.E. Phillips, E.W. Bickle and W.K. Fraser were shareholders and directors of Canadian Industrial Investments Limited and Invesco, and H.R. MacMillan was a shareholder and director of Canadian Industrial Investments Limited. The value of these transactions, outlined in Table 2 (page 14), totalled $10,833,355.

In order to finance the aforementioned purchases, Argus issued and sold to the public on November 22, 1945, through a group of investment dealers headed by W.C. Pitfield & Co. Ltd., and Burns Bros. and Denton Ltd., 40,000 4½% cumulative convertible redeemable preference shares of $100 par value for a total consideration of $4,000,000; and 250,000 no par value common shares at $10 per share for a total consideration of $2,500,000. Each common share carried with it 1/3 of a bearer warrant entitling the holder to purchase an additional common share at $12.50 up to December 31, 1950. The preliminary expenses of the company, totalling approximately $43,000, and the costs associated with the issue of 40,000 preference shares

and 250,000 common shares, totalling $293,400, were paid by Invesco Limited.[37]

At the same time, Argus issued 600,000 common shares to the vendors, 269,296 shares for $2,692,960 cash and 330,704 shares for a consideration equivalent to cash, namely, in consideration of the surrender to Argus of its demand promissory notes aggregating $3,307,040. At the completion of the financing Messrs. Taylor, Phillips, Bickle, Fraser, MacMillan, Horsey and other unidentified parties owned 600,000 or 70.6% of the 850,000 outstanding common shares of Argus.[38]

The tables on the following pages include the original portfolio (Table 1), a summary of opening transactions (Table 2), pro forma balance sheet (Table 3) and pro forma cash and equivalent funds flow analysis (Table 4).

<u>1945-75</u>

From 1945 to 1962, Argus was active in the capital markets, raising funds to pay for its investment programmes. Following its capital reorganization in 1962, however, Argus' requirements diminished and internal cash flow sufficed to finance its consolidating interests. The history of Argus' capitalization is summarized in Table 5 (page 18).

After Argus' first public offering in November 1945, an additional 10,000 preference shares were sold on May 31, 1946, and, in September 1946, $3.8 million in serial notes were sold. These funds were used to acquire Argus' initial portfolio and subsequent first-year acquisitions.

In September 1950, Argus sold $4.0 million in secured notes, which retired its $3.0 million of outstanding notes and a $1.25 million bank loan. In 1953, Argus sold an additional $1.0 million in secured notes, raising its total to $5.0 million.

In 1954, the company redesignated its 50,000 4½% preference shares as first preference shares and increased its authorized capital through the creation of 150,000 $2.40 ($50 par value) cumulative convertible secured preference shares, series A. Argus sold these shares to the public together with $7.5 million 3½% secured notes, series A. The funds were used to retire $5.0 million 3½% secured notes, to acquire 725,000 shares of Massey-Ferguson Limited (Massey) and 100,000 common shares of British Columbia Forest Products Limited (BCFP), and for general corporate purposes.

In June 1955, all outstanding first preference shares were called for redemption at $105 plus accrued dividends. Prior to redemption, 98.5% of the shares had been converted into 246,375 common shares and the remaining 725 shares were redeemed.

Table 1

ARGUS CORPORATION LIMITED

ORIGINAL PORTFOLIO, 1945

Investments	Shares: Number	Shares: Percentage of Shares Outstanding	Closing (or Bid) Price per Share: Nov. 2	Closing (or Bid) Price per Share: Nov. 21	Approximate Market Value (Thousands of Dollars): Nov. 2	Approximate Market Value (Thousands of Dollars): Nov. 21
Acadia-Atlantic Sugar Refineries Limited, Class A Common	9,700	4.9	$18.75	$20.50	182	199
British American Oil Company Limited, Common	1,510	0.1	24.50	25.13	37	38
The British Columbia Packers Limited, Common	2,300	1.7	35.25	35.63	81	82
Canadian Breweries Limited, Common	221,890	12.7	20.75	24.50	4,604	5,436
Canadian Food Products Limited, Class A Common	30,680	30.7	18.00	19.00	552	583
Canadian Food Products, Common	49,700	24.9	14.00	13.75	696	683
Dominion Malting Company Limited, Common	15,040	22.5	20.00	24.00	301	361
Dominion Stores Limited, Common	42,335	15.1	20.00	23.75	887	993
Massey-Harris Company Limited, Preferred	[illegible]	7.6[a]	28.50	30.50	1,573	1,683
National Trust Company Limited, Common	100	n.a.	230.00	230.00	23	23
Orange Crush Limited						
Preferred	5,000	10.0	12.00	14.00	60	70
Common	25,000	50.7	12.00	16.50	300	413
Purity Flour Mills Limited, Common	[illegible]	[illegible]	9.13	11.50	12	15
Standard Chemical Company Limited						
Preferred	2,000	n.a.	99.00	99.00	198	198
Common	84,322	30.9	11.88	12.25	896	973
Victoria Lumber Company Limited,[b] Common	30,000	n.a.	10.00	10.00	300	300
TOTAL					10,702	12,050

a. This figure represents Argus' percentage of ownership of the outstanding shares of Massey-Harris following conversion of that company's preference shares per the 1942 capital reorganization. Before total conversion, the figure was 14.9%.

b. Taylor retained a 30,000-share interest in Victoria Lumber Company Limited through Invesco Limited following the sale of Victoria Lumber to H.R. MacMillan.

Source: Argus Corporation, prospectus, Nov. 21, 1945.

Table 2

ARGUS CORPORATION LIMITED

SUMMARY OF OPENING TRANSACTIONS

Vendor	Description of Transaction	Amount Paid by Argus (Dollars or Dollar Equivalent)
Canadian Industrial Investments Limited	Consideration: less than market price at November 2, 1945	3,790,000.00
Invesco	Consideration: market value at November 2, 1945	4,493,523.75
	: other	300,000.00
J.W. Horsey	10,000 common shares of Dominion Stores @ $24 per share	240,000.00
W.E. Phillips	15,595 common shares of Standard Chemical @ $12 per share	187,140.00
	3,900 common shares of Dominion Stores @ $20 per share	78,000.00
Unidentified		1,794,691.25
	Total	10,883,355.00

Source: Private communications.

Table 3

ARGUS CORPORATION LIMITED

PRO FORMA BALANCE SHEET
(As at November 21, 1945)

Assets

(1)	Investments in preference and common shares of Canadian companies at cost	$10,883,355
	(Quoted market value except as to an investment in Victoria Lumber Company Limited of $300,000 for which there were no quotations included at cost: $12,258,873).	
(2)	Cash in bank and amounts receivable from underwriters and for shares subscribed for	1,543,953
(3)	Cash surrender value of life insurance policies	72,692
		12,500,000

Liabilities

Capital Stock

4% cumulative convertible redeemable preference shares:

Authorized: 50,000 shares of a par value of $100 each	$5,000,000	
To be issued: 40,000 shares		$4,000,000

Common Shares

Authorized: 2,500,000 shares, no par value	
Issued and to be issued: 850,000 shares	8,500,000
	12,500,000

Note: Subscription warrants were outstanding entitling the holders to subscribe for 388,333 common shares up to December 30, 1950, at $12.50 per share.

Source: Argus Corporation,prospectus, Nov. 21, 1945.

Table 4

ARGUS CORPORATION LIMITED

PRO FORMA CASH AND EQUIVALENT FUNDS FLOW ANALYSIS
(November 1945)

		Amount
Source of Funds		
Cash received by Argus from sale of		
Preference shares		$ 4,000,000
Common shares (public)		2,500,000
Common shares (vendors)		2,692,960
		9,192,960
Add: Equivalent cash value for shares issued in consideration of the surrender of promissory notes		3,307,040
		12,500,000
Application of Funds		
Less: Cash or equivalent remaining in Argus after the share purchases noted		
Life insurance	$ 72,692	
Cash	1,543,953	1,616,645
Investment in preference and common shares at November 21, 1945		10,883,355

That same month there was a 1-for-4 rights offering at $23 per share providing the company with $6.3 million and increasing the outstanding common shares to 1,370,272 at November 30, 1955. Argus also secured a $2.55 million bank loan, which was retired when it sold to the public $7.5 million 3½% secured notes, series B, later that year.

In the three years ended November 30, 1960, 146,578 series A preference shares were converted into 322,464 common shares (1,692,736 outstanding); the remaining 3,422 preference shares were redeemed for $181,366; and 13,290 series B preference shares, originally issued in 1956, were redeemed, leaving 136,710 series B preference shares outstanding.

In November 1960, Argus sold $10.0 million of 5½% secured notes, series C, and used the proceeds to retire its $7.5 million of 3½% secured notes, series A, and for general corporate purposes.

In October 1961, Argus sold $10.0 million of $2.50 cumulative preference shares, series C, and used the proceeds to retire a bank loan incurred in the purchase of the original investment in Hollinger Mines Limited (HOL) and for general corporate purposes.

In May 1962, the principals of Argus reorganized its capital structure to ensure retention of control of the company and to facilitate the raising of new monies. The $2.50 cumulative preference shares, series B, and the $2.60 cumulative preference shares, series C, were redesignated as Class A preference shares, $2.50 series and $2.60 series respectively; the 1,692,736 issued common shares were subdivided and reclassified into 6,770,944 new Class C participating non-voting preference shares at no par value, and 1,692,736 new common shares. Holders of the old common shares received four Class C shares and one new common share for each old share held.

In July 1962, Argus sold $15.0 million of Class B preference shares (cumulative, 1962 series, $2.70 dividend) and used the proceeds to retire a bank loan incurred to retire $7.5 million of 3½% secured notes, series B, and for the purchase of additional Hollinger shares.

No preference shares were redeemed between 1962 and 1965, but between 1965 and 1975, 25,999 Class A preference, $2.50 series, and 25,745 Class A preference, $2.60 series, were purchased and cancelled.

At November 30, 1975, Argus' capitalization consisted of: 107,956 Class A preference shares, $2.50 series; 174,255 Class A preference shares, $2.60 series; 300,000 Class B preference shares, $2.70 series; 6,770,944 Class C shares; and 1,692,736 common shares.[39]

Table 5

ARGUS CORPORATION LIMITED

HISTORY OF CAPITALIZATION, 1945-75
(Millions of Dollars)

Years Ended Nov. 30	Secured Notes, LTD, Deferred Income Taxes	Issued Share Capital and Surplus								
		Preference Shares						Common		
		4½%	$2.40	$2.50	$2.60	$2.70	Class C	Shares	Warrants	Surplus
		(Thousands)								
1945	-	40						850	383	
1946	3.8	50						850	383	0.2
1947	3.5	50						850	383	0.5
1948	3.0	50						850	383	0.7
1949	2.5	50						850	383	0.9
1950	4.0	50						850	383	1.5
1951	4.0	50						850	0	2.3
1952	4.0	50						850	0	2.9
1953	5.0	50						850	0	3.4
1954	7.5	50	150					850	0	3.5
1955	15.0	0	150					1,370	0	3.8
1956	15.0	0	150	150				1,370	0	4.1
1957	15.0	0	150	147				1,370	0	5.0
1958	15.0	0	142	143				1,387	0	5.8
1959	15.0	0	18	139				1,387	0	5.9
1960	17.5	0	0	137				1,693	0	6.3
1961	17.5	0	0	137	200			1,693	0	7.7
1962	10.0	0	0	137	200	300	6,771	1,693	0	7.6
1963	10.0		0	137	200	300	6,771	1,693	0	8.2
1964	10.0		0	137	200	300	6,771	1,693	0	9.3
1965	10.0		0	137	200	300	6,771	1,693	0	12.4
1966	10.0		0	135	198	300	6,771	1,693	0	14.6
1967	10.0	0	0	131	195	300	6,771	1,693	0	15.7
1968	10.0	0	0	128	193	300	6,771	1,693	0	34.6
1969	10.0	0	0	126	191	300	6,771	1,693	0	35.3
1970	10.0	0	0	123	188	300	6,771	1,693	0	36.5
1971	10.0	0	0	119	185	300	6,771	1,693	0	35.6
1972	10.0	0	0	117	183	300	6,771	1,693	0	36.6
1973	23.9	0	0	114	180	300	6,771	1,693	0	47.5
1974	15.9	0	0	111	178	300	6,771	1,693	0	47.5
1975	11.5	0	0	108	174	300	6,771	1,693	0	50.5

NOTES TO TABLE 5

DESCRIPTION OF SECURITIES

4½%	Cumulative convertible redeemable preference shares, convertible into 7 common shares up to December 31, 1950, and 5 common shares up to November 30, 1955.
$2.40	Cumulative convertible second preference shares, series A, par value $50, July 11, 1960.
$2.50	Cumulative preference shares, series B.
$2.60	Cumulative preference shares, series C.
$2.70	Cumulative Class B preference shares, 1962 series.
Class C	Participating non-voting preference shares.
Warrants:	Entitled the holders to subscribe for 383,333 common shares up to December 31, 1950 at $12.50 a share.

Sources: Argus Corporation, Annual Reports, Semi-Annual Reports and prospectuses, 1945-75.

DIRECTORS AND MANAGEMENT

Four individuals, E.P. Taylor, W.E. Phillips, M.W. McCutcheon and J.A. McDougald have directed most of Argus' activities since incorporation. In addition, they have been supported by the influence of other Argus directors who have been drawn from the management of the operating companies in which Argus has held an investment and from some of Argus' largest shareholders.

Argus' original management* included W.E. Phillips, Chairman; E.P. Taylor, President; and M.W. McCutcheon, Vice President and Managing Director. The Board was comprised of 16 Directors including J.S. Duncan, President of Massey; Roger Gilbert, Vice President of Atlas Corporation; J.W. Horsey, President of Dominion Stores, K.S. Maclachlan, President of Standard Chemical Limited; H.R. MacMillan, President of H.R. MacMillan Limited and British Columbia Packers Limited; and J.S.D. Tory, K.C., a partner in the Toronto law firm of Tory & Tory.[40]

Over the next decade, only three additions were made to the Board. In 1951, George M. Black, Jr., President of Canadian Breweries, was elected a Director. In 1955, J.A. McDougald was elected a Director. In 1956, J.S. Duncan resigned and was replaced by P.M. Fox, President of St. Lawrence Corporation Limited.

In the 1960's* several changes were made to the Board, due mainly to McCutcheon's resignation in 1962 and Phillips' death in 1964. In 1961, Wilfrid Gagnon, President of Dow Breweries, and Maxwell C.G. Meighen, President of Canadian General Investments Limited, were elected. The following year, A.A. McMartin, President of Hollinger, was elected and McCutcheon, on his appointment as a member of the Senate of Canada and of the Federal Cabinet, resigned and was replaced by the Honourable G. Peter Campbell. In 1963, Major General A.B. Matthews was elected and the following year was made a Vice President. In 1964, H.R. MacMillan resigned and was replaced by T.N. Beaupré, President of B.C. Forest. In 1965, Tory died and was replaced by A.L. Fairley, Jr., President of Hollinger. In 1966, T.G. McCormack, President of Dominion Stores and A.A. Thornbrough, President of Massey, were elected. In 1967, J.G. Campbell, President of Canadian Breweries, and W.C. Thornton Cran, President of Standard Broadcasting, were elected.

In 1969, Taylor was elected Chairman, McDougald was elected President, Matthews was elected Executive Vice President, and Meighen and Black were elected Vice Presidents. Meighen was also elected Chairman of the Executive Committee, a position previously held by McDougald.

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* - See Appendix E, pp. 204-8.

Although management changes in the 1970's* have not been numerous, in impact they have been significant. In March 1971, Taylor did not stand for re-election as an officer and McDougald became both Chairman and President, reflecting the growth of his influence since 1966.

In 1972, Fox resigned and A.E. Barron, Chairman of Canadian Tire Corporation, was elected a Director. In 1974, Beaupré died and Dixon S. Chant, President of Duplate Canada Limited, was elected a Director. In 1975, Cran died and McCurdy, the new President of Standard Broadcasting, and H.N.R. Jackman (see discussion under "Other Major Shareholders" p. 31), Chairman of Empire Life Insurance Company, were elected Directors.

In summary, the Board, in its early days, was composed solely of the founders of Argus and management representatives from Argus' various investment holdings. As Argus matured and the roles of its founders changed, however, representation on the Board was extended to most of its major shareholders.

INVESTMENTS

Management's Philosophy

The investment philosophy of Argus since its inception has been to invest in a relatively small number of companies that the Board of Directors believes have above-average growth potential and to take sufficiently large positions that the corporation would have representation on the Boards of Directors and thus have a voice in major decisions.[41]

It has also been the policy of Argus to take a longer-term view and avoid trading positions.[42] As evidence of the implementation of this investment philosophy, Table 6 shows the present Argus portfolio and indicates on a weighted basis the approximate time that each investment has been held.

In its brief to the Royal Commission on Corporate Concentration, Argus made the following statement:

> (F4) Since Argus is an investment holding company with a large but minority interest in its portfolio positions, it could not be described as a conglomerate, which is usually defined as a corporation that has a predominate interest in a number of situations and, because of such interest, accepts responsibility for their management. This is not to suggest that Argus does not place great importance on the management of a company, both its quality and its continuity. It does, however, attempt to support and strengthen the management

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* - See Appendix E, pp. 210-12.

of the companies in which it holds shares in every feasible way, but does not carry out functions of management through its own office on a day-to-day basis.

(F6) It has been the consistent view of Argus on investment policy over the years that the supportive role is the only feasible and effective relationship with corporate groups whose operations are quite diverse and require managements with special talents and specialized skills. In matters that are normally approved by Boards of Directors, such as capital expenditures, new financing, acquisitions and expansionist policies generally, a group such as the Argus Board with long experience in financial matters can be of considerable assistance to most companies. For example, the senior executives of a company such as Dominion Stores, who are experienced food merchandisers, would be the first to acknowledge that in major financial areas they welcome the advice and support of the Argus group in arriving at important decisions affecting the future of their business. However, the decisions in each case must be made by the Boards of the companies concerned.[43]

Table 6

ARGUS CORPORATION LIMITED

PORTFOLIO, 1975

Company	December 31/75 (Common Shares)	Time Original Investment Held
British Columbia Forest Products Limited	500,000	29 years
Dominion Stores Limited	2,000,000	30 years
Hollinger Mines Limited	1,050,000 (Class A)	14 years
Massey-Ferguson Limited	3,000,000	33 years
Standard Broadcasting Corporation Limited	2,687,475	29 years
Average period investment held		27 years

Argus is, and has been, represented on the Board of Directors of the companies that make up its portfolio investments[44] and also on the Executive Committees of such companies. The Argus representation is shown in Table 7.

Table 7

ARGUS CORPORATION LIMITED

REPRESENTATION ON BOARDS OF DIRECTORS

AND EXECUTIVE COMMITTEES, 1975

Company	Board of Directors	Executive Committee
Canadian Breweries Limited (1968)		
Total number of directors	20	7
Argus directors[a]	3 (Messrs. Campbell, McIntosh and Taylor)	3 (Messrs. Campbell, McIntosh and Taylor)
British Columbia Forest Products Limited (1968)		
Total number of directors	14	7
Argus directors	4 (Messrs. Beaupré, McDougald Swinden and Taylor)	2 (Messrs. Beaupré and Taylor)
Dominion Stores Limited		
Total number of directors	12	8
Argus directors	6 (Messrs. Barron, Black, Matthews, McDougald (Chairman), McCormack and Meighen)	6 (Messrs. Barron, Black, Matthews, McCormack, McDougald (Chairman) and Meighen)
Domtar Limited		
Total number of directors	14	8
Argus directors	5 (Messrs. Barron, Fairley, Matthews, McDougald and Meighen (Chairman))	5 (Messrs. Barron, Fairley (Chairman), Matthews, McDougald and Meighen)
Hollinger Mines Limited		
Total number of directors	10	5
Argus directors	5 (Messrs. Fairley, Matthews, McDougald, Allen McMartin (Chairman), and Meighen)	4 (Messrs. Fairley, McDougald (Chairman), Allen McMartin and Meighen)
Massey-Ferguson Limited		
Total number of directors	18	6
Argus directors	6 (Messrs. Barron, Matthews, McDougald, Meighen, Taylor and Thornbrough)	5 (Messrs. Matthews, McDougald (Chairman), Meighen, Taylor and Thornbrough)
Standard Broadcasting Corporation Limited		
Total number of directors	11	-
Argus directors	6 (Messrs. Barron, Black, Matthews, McCurdy, McDougald (Chairman) and Meighen)	-

a. "Argus directors" are in each instance those Board members who are also directors of Argus Corporation Limited.

Source: Argus Corporation Limited, Brief to the Royal Commission on Corporate Concentration, October 6, 1975, pp. 9-10.

Argus has never taken a majority position in any of its investments. Therefore, as a minority shareholder, it could in theory be voted out of its positions of influence by other shareholders. Notwithstanding, Argus has exercised a dominant degree of influence at the policy level or, in effect, "control" over these companies through their executive committees.

Methods of Acquisition

Taylor and his associates approached acquisitions in a consistent fashion. Where major blocks of stock were involved, the purchase usually went through an interlocking company,* which in turn sold the shares to Argus. If the decision involved expanding an existing investment position, Argus usually purchased the shares in the open market.

Acquisitions were generally made for cash or through a share exchange. In many instances interim bank financing was used until the necessary funds could be raised in the capital markets.[45]

Minority Shareholders

With the exception of BCFP, Argus has acquired its initial investment position from a minority shareholder. In most instances, the company has increased its interest through market purchases and rights offerings. This approach has been followed so as not to disturb the market price of the shares being acquired, and to prevent other minority shareholders from being involved in a bidding war. The interlocking companies provided Argus with anonymity and time, allowing them to make their acquisitions as they planned.

Argus believes it is important for a large minority shareholder like Argus, with Board representation, to play an active role in corporate affairs, as the position presents a number of opportunities to strengthen management and generally provide leadership in important decision-making on behalf of all of the shareholders.

PERFORMANCE

The early successes of Argus' founders caused increased interest in the shares of the companies in its portfolio** and this enthusiasm appears to have extended to the shares of other Canadian public companies. For the investor, the rewards varied considerably, but on balance, have exceeded the performance of the Toronto Stock Exchange (T.S.E.) Industrial Index (see Table 8).

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* - See Chapter 2, pp. 35 ff.

** - See Chapter 5, pp. 91 ff., and Appendix B, pp. 145 ff.

Table 8

ARGUS CORPORATION LIMITED INVESTMENTS

AVERAGE ANNUAL APPRECIATION (LOSS)

IN SHARE PRICE, 1945-75

	1945-1955	1955-1965	1965-1975	1945-1960	1960-1975
Argus Corporation					
Common	7.3%	16.3%	1.2%	9.1%	8.9%
Class C preferred	-	28.0[a]	(2.0)[a]	-	4.4[a]
Canadian Breweries	5.9	4.9	(2.5)[b]	5.8	5.9[b]
British Columbia Forest Products	14.4[c]	7.3	0.8	8.0[c]	6.2
Dominion Stores	22.4	13.4	(3.5)	17.1	3.0
Hollinger Mines	-	5.1[d]	(1.0)	-	0.6[d]
Massey-Ferguson	11.7	6.2	(4.5)	11.6	3.5
Standard Broadcasting	3.3	23.1	10.1	4.2	19.8
T.S.E. Industrial Index	11.0	6.2	0.3	8.3	3.2

Notes:
a. Issued in 1962.
b. Position sold in 1968.
c. First full year of operations, 1947.
d. Interest acquired in 1961.

This might be illustrated as follows: an investment of $1,000 in Argus common in 1945 (100 shares) would, at current market values (after allowing for the subdivision in May 1962 into 4 Class C and 1 common), be worth approximately $8,400. This represents an appreciation of 740%, or an average annually compounded gain of 7%. The T.S.E. Industrial Index comparable appreciation over the same period was 450% or 5¼% compounded annually. If you add to this the dividend return on the original investment which, over the 30-year period, has averaged 11.5% annually, you arrive at an average cumulative return on the Argus investment of approximately 18.5% per annum.[46]

The appreciation in the market price of Argus' major investments (excluding Domtar Limited), as of December 31, 1975, and before any applicable capital gains taxes, totalled an estimated $102.1 million: $16.0 million on the sale of its CNB holdings; $6.8 million on the sale of half and $7.8 million on the balance retained of its holding in BCFP; $28.4 million on its investment in DMS; $1.1 million on its holding in HOL; $23.2 million on its position in Massey; and $18.8 million on its investment in STR.[47] The details are presented in Table 9.

Table 9

ARGUS CORPORATION LIMITED

FINANCIAL HISTORY OF INVESTMENTS, 1945-75

	Year	Number of Shares Acquired (Sold) or Held	Average Annual Price/Share	(A) Estimated Value of Transaction(s) (Thousands of Dollars)	(B) Market or Realized Value of Investment at Dec. 31, 1975 (Thousands of Dollars)
Canadian Breweries Limited (CNB)	1945	221,890	$20.75[a]	$4,604	
	1946	81,110	24.75	2,007	
	1947	27,000	24.625	665	
	1951	20,000	19.3125	386	
	1955	50,000	25.000[b]	1,250	
	1960	80,000	37.375	2,990	
Holding and cost	1960	480,000		11,902	
Adjusted for 5-for-1 stock split in 1962		2,400,000		11,902	
	1968	(2,400,000)	$12.00		28,800

Estimated capital gain on sale of total investment position (B-A) = $16 million.
Estimated dividends received by Argus on its investment in CNB from 1945 to 1968 = $14.6 million.

British Columbia Forest Products Limited (BCFP)	1946	100,000	5.00[c]	500	
	1946	100,000	3.82	382	
	1950	100,000	4.38	438	
	1954	100,000	7.38	738	
	1966	62,500	8.00	500	
	1968	37,500	21.88	821	
Holding and cost	1968	500,000		3,379	
Adjusted for 2-for-1 stock split in 1973		1,000,000		3,379	
	1973	(500,000)	22.00[d]		11,000
Value of holding at Dec. 31, 1975		500,000			7,750

Estimated capital gain on sale of one half of its investment position - $6.8 million.[e]
Estimated unrealized gain on current investment position = $7.8 million at Dec. 31, 1975.
Estimated dividends received by Argus on its investment in BCFP from 1946 to 1975 = $6.8 million.

Dominion Stores Limited (DMS)	1945	42,335	20.00[a]	847	
	1946	24,890	24.75	616	
	1947	6,775	23.9375	162	
Holding and cost	1947	74,000		1,625	
Adjusted for 4-for-1 stock split in 1947		296,000		1,625	
	1951	4,000	12.25	49	
	1955	75,000	33.00[f]	2,475	
	1956	10,000	38.125	381	
	1959	(5,000)	70.75	(354)	
Holding and cost	1959	380,000		4,176	
Adjusted for 5-for-1 stock split in 1959		1,900,000		4,176	
	1969	100,000	14.5625	1,456	
Holding and cost	1969	2,000,000		5,632	
Value of holding at Dec. 31, 1975		2,000,000			34,000

Estimated unrealized gain on investment position (B-A) = $28.4 million.
Estimated dividends received by Argus on its investment in DMS from 1945 to 1975 = $21.8 million.

Notes:
a. Settlement price at November 2, 1945.
b. $1.25 preference shares, par value $25.00
c. Initial public offering price.
d. Net price after commissions.
e. Adjusted for $790,000 capital gain tax.
f. Rights offering (1-for-4).

Table 9
(Continued)

	Year	Number of Shares Acquired (Sold) or Held	Average Annual Price/Share	(A) Estimated Value of Transaction(s)	(B) Market or Realized Value of Investment at Dec. 31, 1975
				(Thousands of Dollars)	
Hollinger Mines Limited (HOL)	1961	250,000	28.50	7,125	
	1961	176,150	24.00	4,228	
	1961	73,850	24.00	1,772	
	1962	140,000	22.375	3,132	
	1963	60,000	25.0625	1,504	
	1966	100,000	23.625	2,363	
	1968	100,000	30.625	3,062	
	1969	100,000	32.00	3,200	
	1973	25,000	46.00	1,150	
	[illegible]	[illegible]	[illegible]	[illegible]	
	1975	8,000	26.00	208	
Holding and cost	1975	1,050,000		28,319	
Value of holding at Dec. 31, 1975		1,050,000			29,400

Estimated unrealized gain on investment position (B-A) =$1.1 million.
Estimated dividends received by Argus on its investment in HOL from 1961 to 1975 = $14.4 million.

	Year	Number of Shares Acquired (Sold) or Held	Average Annual Price/Share	(A) Estimated Value of Transaction(s)	(B) Market or Realized Value of Investment at Dec. 31, 1975
Massey-Ferguson Limited	1945	110,390[g]	30.25[h]	1,573	
	1946	39,610	17.00	673	
	1947	15,000	18.25	272	
	1948	(10,000)	19.625	(196)	
Holding and cost	1948	155,000		2,714	
Adjusted for 5-for-1 stock split in 1951		775,000		2,714	
	1954	725,000	8.625	6,253	
	1963	150,000	10.00[i]	1,500	
	1966	330,000	26.00[i]	8,580	
	1968	120,000	19.375	2,325	
	1969	750,000	20.625	15,469	
	1975	150,000	17.2125	2,581	
Holding and cost	1975	3,000,000		39,422	
Value of holding at Dec. 31, 1975		3,000,000			62,625

Estimated unrealized gain on investment position (B-A) = $23.2 million.
Estimated dividends received by Argus on its investment in Massey from 1945 to 1975 = $27.3 million.

	Year	Number of Shares Acquired (Sold) or Held	Average Annual Price/Share	(A) Estimated Value of Transaction(s)	(B) Market or Realized Value of Investment at Dec. 31, 1975
Standard Broadcasting Corporation Limited (STB)	1946-52	107,499	5.93[j]	637	
Holding and cost	1952	107,499		637	
Adjusted for 5-for-1 stock split in 1962		537,495		637	
Adjusted for 5-for-1 stock split in 1968		2,687,475		637	
Value of holding at Dec. 31, 1975		2,687,475			19,484

Estimated unrealized gain on investment (B-A) = $18.8 million.
Estimated dividends received by Argus on its investment in STB from 1945 to 1975 = $8.5 million.

Notes: g. Resulting from conversion of 55,195 preference shares.
h. Preference share price.
i. Rights offering (1-for-10)
j. Average price for 1946 through 1952.

Sources: Argus Corporation Limited, Annual and Semi-Annual Reports and prospectuses, 1945-75.

In addition, Argus received gross income, in the form of dividends from its major investments and interest on its short-term securities, of $146.7 million. After expenses and taxes, Argus' net income totalled $127.5 million. In turn, Argus paid dividends to its common and preferred shareholders of $103.6 million; $26.5 million to the common shareholders; $27.7 to the preference shareholders; and $49.3 million to the Class C participating preference shareholders.[48]

SHAREHOLDERS

The Ravelston Corporation Limited

The Ravelston Corporation Limited was incorporated in Ontario on October 10, 1968, as an investment holding company to succeed its predecessor company, Meadowbrook Holdings Limited. Both companies listed their head office as 10 Toronto Street, Toronto, Ontario.[49]

On March 5, 1969, Meadowbrook distributed to shareholders (no sale involved) 640,870 common shares of Argus, or an estimated 95% of the shares held; the remaining 33,730 common shares were distributed at a later date to one shareholder.[50] Subsequently, Ravelston acquired other common shares, also through share exchange offers. The details of these transactions appear in Table 10.

Ravelston became active soon after the Ontario Securities Commission recorded in its insider trading report in April 1969, that Power Corporation of Canada Limited, through a subsidiary, Shawinigan Industries Limited, had purchased 131,434 common shares of Argus from Gelco Enterprises, a private holding company controlled by Paul Desmarais, at the market price of $21 per share. With additional market purchases, Power Corporation's position in Argus was increased to 175,484, or 10.37% of the outstanding common shares.[51]

In June 1969, certain Argus shareholders, namely Ravelston (including Grew Limited) and Windfields Farm Limited, pooled the voting power of their combined shares, for a minimum of five years, to dispel rumors that the group was vulnerable to a takeover.[52] The exact life of the Ravelston agreement is not known.

Windfields Farm Limited is part of the extensive group of family holding companies controlled by E.P. Taylor. It has a 10.3% interest in Argus as well as interests in other companies related to either Argus or companies in the Argus portfolio.*

Grew Limited is the chief holding company of the Phillips estate. McDougald votes Phillips' widow's Argus interests.**

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* - See Appendix C, pp. 172, 175, 180.
** - See Appendix C, p. 181.

Table 10

RAVELSTON'S ACQUISITION OF ARGUS COMMON SHARES

1969-75

Date of Transaction	Number of Common Shares	Exchange Price	Cumulative Total
May 11, 1969	35,000	$15.25	35,000
May 30, 1969	168,500[a]	17.00	
May 30, 1969	169,000[b]	17.00	
May 30, 1969	187,500[c]	17.00	
May 30, 1969	169,000[d]	17.00	
May 30, 1969	31,000[e]	17.00	760,000
May 3, 1969	16,000	16.12	776,000
Sept. 19, 1972	20,000	15.50	796,000
July 31, 1973	65,000[f]	18.50	861,000
May 16, 1975	60,779	30.00	
May 16, 1975	27,024	30.00	
May 16, 1975	27,024[g]	30.00	
May 16, 1975	27,024	30.00	
May 16, 1975	27,024	30.00	1,029,875
June 11, 1975	2,700	30.00	1,032,575

Notes: a. These shares were exchanged by John A. McDougald.

b. These shares were exchanged by George C. Black, Jr. through Western Dominion Investment Company Limited.*

c. These shares were exchanged by WEP Investments (formerly Grew Investments Limited); the estate of the late Lt. Colonel W.E. Phillips.

d. These shares were exchanged by Maxwell C.G. Meighen through Canadian General Investments Limited.*

e. These shares were exchanged by Maxwell C.G. Meighen through Third Canadian General Investment Trust.*

f. These shares were acquired in various transactions on July 23, 25, 26 and 31, 1973.

g. These shares were exchanged by the estate of the late M. Wallace McCutcheon.

Source: Ontario Securities Commission.

According to the Bulletin of the Ontario Securities Commission at September 30, 1975, Ravelston owned directly 1,032,575 shares or 61% of the outstanding common shares of Argus Corporation. This is the only investment of Ravelston Corporation.

* - See Appendix C, p. 185.

The Officers of The Ravelston Corporation Limited are: John A. McDougald, President; George M. Black, Jr., Vice President; A. Bruce Matthews, Vice President; Maxwell C.G. Meighen, Vice President; James R. Wright, Secretary Treasurer; and Miss Evelyn M. Young, Assistant Secretary.

The Directors of The Ravelston Corporation Limited are: George M. Black, Jr., A. Bruce Matthews, John A. McDougald, Maxwell C.G. Meighen, Mrs. Doris D. Phillips, and Alex E. Barron.

The shareholders of The Ravelston Corporation Limited are listed in Table 11.

Table 11

SHAREHOLDERS OF THE RAVELSTON CORPORATION LIMITED, 1975

	Common NPV	Preference $10 Par Value	Percentage of Total in Each Class
John A. McDougald	30,259	278,770	23.6
WEP Investments (Grew Investments Ltd.)	30,259	278,770	23.6
Western Dominion Investment Company Ltd.	28,729	264,675	22.4
Canadian General Investments Limited	28,729	264,675	22.4
Third Canadian General Investment Trust	5,270	48,549	4.1
A. Bruce Matthews	5,000	46,061	3.9
George M. Black, Jr.	1*		
Maxwell C.G. Meighen	1*		
Mrs. Doris D. Phillips	1*		
James R. Wright	1*		
Total	128,250	1,181,500	100.0

* - Not beneficially owned.

Source: Private communication.

Other Major Shareholders

There are three other major Argus common shareholders. First, Windfields Farm Limited, a company indirectly controlled by E.P. Taylor and members of his family, owns 10.3% of the common shares. A voting trust agreement between Ravelston and Windfields makes certain provisions for the manner in which the Argus common shares owned by these companies are to be voted through June 1976. Second, The Empire Life Insurance Company and other companies associated with H.N.R. Jackman own approximately 9% of the common shares. John A. McDougald has made an agreement with H.N.R. Jackman as to how these shares would be voted. Third, Power Corporation owns approximately 14.7% of the common shares through Shawinigan Industries Limited.

Power Corporation made an offer dated April 3, 1975, and expiring April 25, 1975, to Argus shareholders to purchase their common and Class C preference shares at $22 and $17 per share respectively. The offer was conditional on the tendering of 80% of each class of stock.

In a letter to shareholders dated April 8, 1975, Argus advised its shareholders that Ravelston, holder of 861,000 Argus common shares (50.86%), had publicly stated that it would not accept the Power Corporation offer in respect of the common shares it owned, and that the shareholders of Ravelston who benefically owned a total of 1,359,000 Class C preference shares (20.08%) would not accept the Power Corporation offer.[53] The Argus Board of Directors, however, made no recommendation to holders of the Class C preference and common shares regarding the acceptance or rejection of the Power Corporation offer.

Notwithstanding the terms of the offer, Power Corporation accepted all shares tendered, amounting to 4,052,570, or 59.8% of the Class C shares (Argus founder E.P. Taylor sold his 1,250,000 Class C shares for $21,250,000) and 63,454 of the common shares, increasing its interest to 238,938 common shares or a 14.1% interest. In total, Power Corporation's shares represented 50.7% of the total participating equity in Argus.[54] Power subsequently increased its holdings through additional market purchases and at January 2, 1976, owned 4,053,038 or 59.9% of the Class C preference shares and 252,466 or 14.9% of the common shares. In total, these shares represent 50.9% of the total participating equity in Argus.[55]

Other Class C Preferred Shareholders

There are three other major shareholders of the Argus Class C preferred shares. First, Canadian General Investments Limited and Third Canadian General Investment Trust Limited, controlled by M.C.G. Meighen, own approximately 12.6%. Second, Western Dominion Investment Company, Dominion Malting Limited and Bemocoge Limited, controlled by George C. Black, Jr., own approximately 5.8%. Third, The Empire Life Insurance Company, and other companies associated with H.N.R. Jackman, own approximately 2.9%.

EARNINGS AND EQUITY PARTICIPATION

Argus effectively split its stock 5-for-1 in a complex transaction in 1962. The 1,692,736 issued common shares were subdivided and reclassified into 6,770,944 new Class C participating non-voting preference shares and 1,692,736 new common shares, with the holders of the old common shares receiving four Class C shares and one new common share for each old common share held. The advantage of this financing, whereby earnings became a function of the total Class C and common shares outstanding, is that it allowed the principals to sell Class C shares to recover some of their initial investment capital, without losing control of the company.[56] Examination of the public record as provided by the Ontario Securities Commission indicates that the principals did dispose of a large portion of their Class C holdings between 1962 and 1967, but the exact amounts are not available from the records on file.

Examined from an earnings standpoint, the 1,692,736 common shares represent only 20% of the equity of the company. This 20% equity participation, however, represents 100% of the voting stock. As an example, the appropriation of Argus' 1975 earnings to the Class C and common shares is shown in Table 12.

Table 12

ARGUS CORPORATION LIMITED

EARNINGS AND EQUITY PARTICIPATION, 1975

	Shares Outstanding					
	Number (Thousands)		Percentage of Ownership Represented		Earnings Appropriation to Shares (Millions of Dollars)	
Earnings* (Millions of Dollars)	Class C	Common**	Class C	Common	Class C	Common
$10.6	6,771	1,693	80	20	$8.5	$2.1

* - After preferred dividends of $1.5 million.
** - All Argus common shares are voting shares.

Source: 1975 Annual Report

SUMMARY

Argus was conceived and formed as a closed-end investment company in 1945 to anticipate and to participate in the rapid industrialization of Canada, which its founders predicted would follow World War II. The company, which was built on E.P. Taylor's long-standing business philosophy of rationalization, leverage, and

dominance through minority-share ownership, and the founders' strong sense of national pride, has been a successful enterprise.

Argus began with a $12 million investment portfolio, which contained shares of many Canadian companies. By increasing existing positions, acquiring shares of other major Canadian businesses and creating new enterprises, Argus expanded this portfolio and increased its assets to $205 million between 1945 and 1975. The estimated capital gain on these investments, excluding Domtar, has been $102 million, while the dividends paid to its equity shareholders have been $76 million.

The principals of Argus were responsible for creating several of Canada's leading companies, namely Canadian Breweries, British Columbia Forest Products, Domtar and Standard Broadcasting. As a result, Argus has had a real and positive impact on the Canadian economy. Since 1945, the companies in Argus' portfolio have increased their total sales from approximately $60 million to $4.7 billion, total assets from approximately $230 million to $3.0 billion and the number of employees from approximately 13,000 to 44,000.

Argus has always been a minority shareholder, but through broad influence it generally was able to attract capable management and implement vital decisions for the companies in which it had a major interest. In common with all investors, Argus encountered disappointments or difficulties it was unable to overcome. It is noteworthy, however, vis-à-vis the latter instances, that Argus did not liquidate these positions by selling to the general public.

Public criticism of Argus has centred on its use of interlocking companies for its acquisition program (see Chapter 2) and for the absence of an aggressive investment policy since 1962.

In summary, Argus played a significant role in the industrialization phase of the Canadian economy. It defined the need, created the vehicles, arranged the appropriate financing and built the organizations, providing successful investment opportunities and contributing significantly to the very process of industrial development they had anticipated.

CHAPTER 2

INTERLOCKS

In order to facilitate the handling of each transaction and to retain flexibility and initiative, Argus' principals established several interlocking companies. As John A. McDougald expressed it, "Argus was not a promotional company, it was an investment company. Taylor, McDougald and Company were the entrepreneur part of it. They had nothing to do with Argus....This was deliberately kept separate. You see, somebody had to take the gamble...[and] money had to be put up to finance it, and this was when Taylor, McDougald came in." [1]

TAYLOR, MCDOUGALD & COMPANY LIMITED

Taylor, McDougald & Company Limited was incorporated in October 1945.[2] E.P. Taylor, W.E. Phillips, M.W. McCutcheon and J.A. McDougald were directors and shareholders in the capital stock of Taylor, McDougald & Company Limited.[3] McDougald devoted the greater part of his time to this partnership in its early years but, as he did not believe in the investment merits of closed-end funds (the shares usually sold at a discount from net book value), he did not join the Argus Board until 1955.[4]

E.P. Taylor, W.E. Phillips and M.W. McCutcheon had developed many contacts during World War II and acquired interests in several Canadian companies. To expand this investment program, Taylor, McDougald and Company Limited was formed to provide a contact between people with businesses or ideas to sell and those with capital who might be interested in purchasing and developing the companies as going concerns in Canada.[5]

Among the companies formed by the Taylor, McDougald group were: 1) Arbor Corporation, which acquired shares in St. Lawrence Corporation Limited; 2) Heathview Corporation Limited*, which acquired shares in British Columbia Forest Products Limited and in Massey-Harris-Ferguson Limited; 3) Torcan Investments Limited** which acquired shares in Gran-tor Limited, which in turn acquired shares in Grants Brewery Limited of Winnipeg; 4) Taymac Investments Limited† which acquired shares in Hollinger Consolidated Gold Mines Limited; and, 5) Fleet Street Publishers Limited†† which attempted unsuccessfully to acquire the Toronto Star newspaper properties.

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* - See Chapter 3, pp. 59, 62, 67.

** - See Chapter 3, p. 47.

† - See Chapter 3, pp. 77, 84.

†† - See Chapter 4, pp. 88-89.

Among the companies acquired directly by Taylor, McDougald & Company were: a) in what became B.C. Forest: Hammond Cedar Company Limited; Industrial Timber Mills Limited; Cameron Investment and Securities Company Limited; Cameron Bros. Timber Company Limited; Cameron Lumber Company Limited; Hemmingsen-Cameron Company Limited; Osborne Bay Timber Buyers Limited; Renfrew Holdings Limited; and Realty Holdings Limited (assets of these nine companies were sold to BCFP in May 1946); b) in what became General Bakeries: Purity Bread Limited; Bryce Bakeries Limited; Robertson's Bakeries Limited; and Purity Flour Mills Limited (assets of these four companies were sold to General Bakeries in March 1946); and c) Stovel Press Limited.

ARBOR CORPORATION LIMITED

Arbor Corporation Limited was formed in 1950 to acquire shares in St. Lawrence Corporation, a company that controlled several large Quebec paper-making companies and that had been controlled by an American group since 1947. Arbor was a company formed by the Taylor, McDougald group. St. Lawrence was formed in 1930 by J.A. Bothwell, President of Brompton Pulp and Paper, Noah A. Timmins, Chairman of the Board of St. Lawrence Paper Mills, and Arthur F. White, President of Dominion Securities Corporation.[6]

John A. McDougald, formerly a partner in Dominion Securities, had close family ties with Noah A. Timmins. McDougald wanted to bring control of St. Lawrence Corporation back to Canada. In 1951, he assembled a group to collect proxies from St. Lawrence shareholders using the Canadian Bank of Commerce as an intermediary. In addition, the newly formed Arbor Corporation purchased almost 200,000 shares of St. Lawrence Corporation common. At the St. Lawrence Corporation shareholders' meeting in April 1951, McDougald was successful in establishing the control of his group.[7]

In 1955 Arbor agreed to sell 200,000 shares of St. Lawrence to Argus. E.P. Taylor said, "St. Lawrence Corporation was purchased because it was a sound company and the only paper company in which a substantial block of stock was available and because Argus did not have any major investments in Canada's largest industry."[8] In a letter to Argus shareholders, E.P. Taylor further stated that "Argus directors had authorized the purchase of St. Lawrence Corporation's common stock with a view to broadening and diversifying Argus' investments".[9] At the time of the purchase, Argus already had a relatively small position of 31,520 shares.[10]

The St. Lawrence purchase conformed with the Argus investment policy, which was participation in a sound company engaged in a growth industry, with a large enough stock participation to determine the company's policy and personnel.[11]

Before the shareholders' meeting it was expected that the purchase would be a controversial one, for the shares were to be

bought for more than double their price two years earlier and, in the transaction, three of the principal directors of Argus would personally benefit through their interest in Arbor Corporation.[12] Despite the fact that Chairman W.E. Phillips had urged shareholders to speak their minds, only one shareholder raised any questions regarding the idea of paying $75.00 per share for stock that was selling on the market a year earlier at $51.50 and two years earlier at $32.00.[13]

The shareholders' meeting was described in a newspaper article as follows: "The reason for the [shareholder] reluctance [to question the purchase]," wrote Ralph Blackmore, Financial Editor of the Globe and Mail, "may be some feeling that to question a board of directors' proposal is to suggest disapproval of the members personally.... Another reason may be the reluctance of shareholders to appear anxious to cross swords with men whom they feel have forgotten more about big business than the average shareholder will ever know. Few want to be matching wits... yet throughout the meeting the continuing impression was that this three-man powerhouse stood ready to answer all questions. No attempt was made to hide the fact that both McCutcheon and Taylor were directors of Arbor Corporation from whom stock was to be purchased, that one of them--McCutcheon--was chairman of the board of St. Lawrence Corporation and that all of them--Phillips, McCutcheon and Taylor stood to profit from the transaction."[14]

Argus Corporation financed its purchase of 200,000 common shares of St. Lawrence Corporation for $15,000,000 through the sale in June 1955 of $7,500,000 principal amount of 3½% of secured notes, series A, through W.C. Pitfield & Company Limited (these notes were part of the $15,000,000 package authorized in October 1954, when shareholders approved the decision to purchase 725,000 common shares of Massey-Harris-Ferguson Limited and 100,000 common shares of British Columbia Forest Products Limited) and through a rights offering of common stock at $23.00 per share (1-for-4 basis) which was underwritten by Arbor Corporation, the seller of the St. Lawrence Corporation shares.[15]

Argus issued 259,380 common shares to its common stock shareholders for $5,965,740, and also issued 14,517 common shares for $333,891 to Arbor Corporation, the underwriter of the common shares, who purchased the shares not taken up and paid for by the common stock shareholders of Argus. The rights offering provided total funds of $6,229,631 to Argus Corporation.[16]

In 1961, a 93.1% interest in St. Lawrence Corporation was acquired by Domtar Limited, another major investment in the Argus portfolio, through an 11-for-8 share exchange.[17]

TORCAN INVESTMENTS LIMITED

CNB became a major shareholder in Western Canada Breweries Limited when it acquired the shares owned by E.P. Taylor and M.W.

McCutcheon. At October 15, 1953, CNB owned 23.8% of the outstanding common shares.[18]

Western Canada Breweries Limited then caused the incorporation of a new company, Gran-tor Limited, and subscribed for all the preferred shares in this new company. At the same time, Torcan Investments Limited, a company formed by the Taylor, McDougald group, purchased all the common shares (i.e. the voting stock) of Gran-tor. Gran-tor subsequently used these funds to purchase all the issued shares of Grants Brewery Limited of Winnipeg and caused that company to merge with Western Canada Breweries Limited.[19]

Torcan Investments Limited surrendered its charter in 1959.[20]

HEATHVIEW CORPORATION LIMITED

Heathview Corporation Limited, a company formed by the Taylor, McDougald group, was formed in 1954 to acquire the majority of H.G. Ferguson's interest in Massey and 100,000 shares of BCFP. In September 1954 Heathview agreed to sell to Argus 725,000 shares of Massey and 100,000 shares of BCFP for an aggregate price of $5,125,000.[21]

The Argus board of directors considered both companies "capable of substantial further growth....Argus should avail itself of the opportunity provided of acquiring an additional share interest in these companies which, in the opinion of the board, would be more costly and difficult to obtain in the open market."[22]

Heathview made the Massey shares available in order that Argus could increase its position in Massey. The purchase of these shares increased Argus' investment position to 15.8% compared with 10% before the issuance of the 1,805,055 shares to Ferguson in August 1953.[23]

Argus' prior investment position in BCFP was 300,000 or 15% of the outstanding common shares. Following the transaction this position increased to 400,000 or 20% of the outstanding common shares.[24]

In a letter to Argus shareholders, Taylor explained that the 725,000 shares of Massey represented a portion of the shares acquired by Heathview Corporation from the Ferguson interests: "The said shares were acquired under circumstances which made it necessary for the group to act on very short notice in the interest of all shareholders of Massey," Taylor said.[25]

Ferguson, who had sold his company to Massey in 1953, disposed of part of his 18% interest in Massey in the open market before Heathview Corporation stepped in to purchase a large block. The Financial Post reported that substantial sales of stock by Ferguson were credited with being a significant factor in the decline in

the market price of Massey shares in June 1954 from approximately \$9.75 to \$7.50. The market price of the shares recovered to \$8.00-\$8.50 per share after Ferguson sold the large block to the Heathview group and resigned as chairman in July 1954.[26]

Argus financed the purchase of 725,000 shares of Massey and 100,000 shares of BCFP through the sale in October 1954 of 150,000 \$2.40 cumulative convertible second preference shares, series A, with a par value of \$50.00 each (\$7,500,000) and \$7,500,000 principal amount of 3½% secured notes, series A, through W.C. Pitfield & Company Limited.[27]

The net proceeds retired \$5,000,000 principal amount of 3½% secured notes and provided Argus with approximately \$9,600,000 of investment funds, \$5,125,000 of which were employed to acquire the Massey and BCFP stock from Heathview. The balance of the funds were temporarily invested in Government of Canada Treasury Bills.[28]

TAYMAC INVESTMENTS LIMITED

Taymac Investments Limited, at the time of its incorporation on May 27, 1960, was owned equally by John A. McDougald, E.P. Taylor (through Windfields Farm Limited), W.E. Phillips (through Grew Investments Limited, now WEP Investments Limited, the estate of W.E. Phillips) and M.W. McCutcheon (through Gormley Investments Limited, now the estate of M.W. McCutcheon). This vehicle was used to acquire 250,000 common shares of Hollinger* from the N.A. Timmins Corporation, which shares were subsequently sold to Argus, pursuant to an agreement dated August 24, 1961.[29]

In addition, Taymac now owns two-thirds of Tosa Limited**, which owns 100% of the outstanding shares of Tomenson Saunders Whitehead Limited. Tosa is a holding company that was incorporated on July 27, 1962.[30] Tomenson Saunders Limited, incorporated on August 1, 1962, is the successor company to Tomenson, Saunders, Smith & Garfath Limited, which had operated since 1937; recently, the name of the firm was changed to Tomenson Saunders Whitehead Limited.

Because Taymac's principals have been closely associated with Argus, there was some controversy in the press regarding the appointment of Tomenson Saunders Whitehead Limited in 1962 as insurance broker for a number of companies in the Argus portfolio (Massey-Ferguson, Dominion Stores, British Columbia Forest Products and General Bakeries).[31]

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* - See Chapter 3, p. 77.

** - See Appendix C, pp. 175-76.

CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

Canadian Equity & Development Company Limited (Canadian Equity) was incorporated under the laws of the Province of Ontario on May 4, 1953. At that time Argus acquired a substantial equity interest by way of direct investment, advances, and a guarantee of bank indebtedness ($760,000) totalling $1,147,500 at November 30, 1953.[32]

E.P. Taylor formed Canadian Equity to purchase 2,100 acres of woods and farms on Toronto's northeastern fringe and to create Don Mills, the suburban home to more than 27,000 Torontonians. During the period 1953-68, Canadian Equity prospered largely because it placed major emphasis on residential property development in Metropolitan Toronto.

In addition, Canadian Equity controlled: (1) through its wholly owned subsidiary company Don Mills Development Limited, a 6,200 acre tract of land (the Erin Mills Lands) located west of Metropolitan Toronto in the Towns of Mississauga and Oakville; (2) through its 50%-owned subsidiary, Greater Hamilton Shopping Centre Limited, a 47-acre regional shopping centre which formed part of a 67-acre shopping complex in the east end of Hamilton, Ontario; and (3) through its 50%-owned subsidiary, Aldon Developments Limited (the other 50% interest being owned by Dominion Stores Limited), one neighbourhood shopping centre in Brampton and one in Scarborough, Ontario.[33]

Argus sold its holdings in Canadian Equity in the spring of 1965, realizing a profit of $1.6 million.

On October 29, 1965, Canadian Equity was converted into a public company. On March 30, 1967, shareholders of Canadian Equity sold 500,000 common shares at $2.50 per share through a group of investment bankers headed by Pitfield, Mackay, Ross and Company Limited. The number of common shares sold and the net proceeds received by each of the selling shareholders is set out in Table 13, together with the number of common shares retained and the voting power represented by the selling shareholders and by Caninvesco Limited, a wholly owned subsidiary of Windfields Farm Limited.

On March 8, 1968, Canadian General Securities Limited (a closed-end investment fund), Cemp Investment (a private company owned by trusts of Samuel Bronfman, the late president of Seagrams Limited) and Cadillac Development Corporation (then a private developer of high-rise apartments, shopping centres and housing subdivisions and 20% owned by Traders Group Limited, which was in turn controlled by Canadian General Securities Limited) acquired 3,801,850 or 79% of the outstanding common

shares of Canadian Equity from CNB, Windfields Farm Limited and Caninvesco Limited at $7.00 per share. Subsequently, and pursuant to the terms of the agreement by which such shares were acquired, the purchasers made a $7.00 per share offer to the public to purchase the balance of the outstanding common shares. Under this offer, Cadillac, Cemp and CGS acquired 950,452 shares or approximately 20% of the outstanding shares of Canadian Equity. The combined holdings totalled 4,752,302 shares or about 99% of the issued common shares.[34]

Table 13

CANADIAN EQUITY & DEVELOPMENT LIMITED

SHARES SOLD MARCH 30, 1967

	Common Shares Sold	Net Proceeds	Common Shares Retained	Percentage of Aggregate Voting Power
Canadian Breweries Ltd.	200,000	$ 460,000	1,672,500	35.46
Windfields Farm Limited	300,000	690,000	206,850	4.39
Caninvesco Limited	Nil	Nil	1,992,500	42.24
	500,000	1,150,000	3,871,850	82.09

Source: Canadian Equity & Development, prospectus, Feb. 28, 1967.

CHAPTER 3

MAJOR LONG-TERM INVESTMENTS

In this chapter we discuss, in more-or-less chronological order, the following major investment positions held by Argus Corporation Limited: Canadian Breweries Limited; Dominion Stores Limited; Massey-Ferguson Limited; British Columbia Forest Products Limited; Standard Broadcasting Limited; and Hollinger Mines Limited.

CANADIAN BREWERIES LIMITED*

As related in Chapter 1, in the thirteen years following its incorporation in 1930, Canadian Breweries Limited (CNB) achieved market dominance in Ontario by acquiring most (and closing down half) of the breweries in the southern part of the province.[1] Following his resignation from the war effort in 1944, E.P. Taylor began his expansion program. CNB acquired through a share exchange Walkerville, Bixel and Capital Breweries to complete its Ontario acquisition program. At the same time, CNB's equity position in Brewing Corporation of America was increased to 72%.[2]

ARGUS INVESTMENT

In November 1945, Taylor and his associates sold their 221,890 common shares (12.7% interest) of CNB to Argus.[3] From 1945 to 1968, Argus increased its common share position from 221,890 to 2,400,000 shares while its percentage ownership decreased from 12.7% to 11.0% as a result of the issuance of treasury shares by CNB in payment for some of its acquisitions. Argus acquired in the open market 81,110 shares in 1946 when the stock traded between \$29.50 and \$20.00, 27,000 in 1947 (market price range: \$27.00 - \$22.25), 20,000 in 1951 (market price range: \$21.63 - \$17.00), 50,000 in 1955 through the conversion of 50,000 5% cumulative preference shares \$25 par value on a 1-for-1 basis and 80,000 in 1960 (market price range: \$31.00 - \$44.75) for a total of 480,000 shares. Adjusted for the 5-for-1 stock split in 1962, Argus held 2,400,000 shares (11%), in 1968.[4]

EXPANSION

Management and Philosophy

Taylor outlined his thoughts for the extension of CNB's interests from Ontario to the west to John A. McDougald in a letter dated April 26, 1943:

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* - See also Appendix A, pp.113-17.

> ...having been successful in Ontario, we have now raised our sights and plan to repeat the process in the four Western Provinces so that we will become a truly national concern.
>
> At the present time we supply Quebec and the Maritime Provinces from our bottling plant in Montreal. As there are not too many breweries in that part of the country, we have no major plans for that territory.... The West however is a different matter. There are too many breweries in all of the provinces and there is a golden opportunity to repeat our Ontario performance. You will readily understand that there is a great advantage in being a truly national institution. In normal times we advertise in publications with a national circulation and there is great wastage if we do not sell our products in the entire country....[5]

George M. Black, Jr., who joined the company as an Executive Vice-President in 1949, was elected President of CNB in 1950, succeeding D. Clive Betts who had guided the company through the 1940's. Black, who had a successful record in the brewing industry with Western Breweries Limited, proceeded to reorganize Brewing Corporation of America and to guide CNB through its planned expansion, particularly in western Canada, using a decentralized management approach.[6]

Methods of Financing

During the period 1944 to 1968, CNB's major expansion occurred in Quebec, western Canada, the United States and the United Kingdom. CNB financed its expansion by means of share exchanges, by the sale of sinking fund debentures ($127.5 million) and by the issue of preference shares ($63.2 million) and common shares ($32.2 million, over and above share exchanges).[7]

Expansion, 1945-50

In 1946 CNB acquired for cash 86.4% of the common stock of Dominion Malting Company Limited (Dominion). CNB's purchase was prompted by the refusal of Canada Malting Company Limited, the larger of two Canadian malting companies, to supply any more malt to it. The acquisition ensured CNB of adequate supplies of malt, since Dominion had just proceeded with construction of a second plant, Victory Mills. Dominion became a wholly owned subsidiary in 1953.[8]

Quebec

In 1950, CNB's management decided brewing facilities in Quebec would be more economical than paying freight from Ontario.

An expansion program was developed, land was purchased outside Montreal, plans were drafted and steel was ordered. Meanwhile, Wilfrid Gagnon, a director of Canadian Breweries, suggested to Taylor that it was unnecessary to build more brewing capacity in Quebec, since National Breweries Limited was operating below capacity and might be acquired. Taylor was familiar with National's problems.[9]

National Breweries Limited, incorporated as a holding company in 1909, had rationalized Quebec's brewing industry by merging 14 companies, closing 10 plants, and maintaining 4 operations. This action had had a significant influence on Taylor, as evidenced by an excerpt from his letter of May 2, 1934, to W.T. Kernahan:

> ...As you are well aware, the objective to which I have been working for the last four years has been one of bringing about in Ontario a similar situation to that which exists in the Province of Quebec, where the industry is virtually controlled by two companies. Our thought is to let John Labatt be the Molson of Ontario and that Brewing Corporation (Canadian Breweries) should be the National Breweries of Ontario....[10]

During World War II a seller's market had prevailed. As supplies again became plentiful, Molson's ale, lightened to meet a changing public taste, began to gain ground rapidly at the expense of National, which had supplied 60% to 70% of the beer made in Quebec with its principal brand Dawes "Black Horse", a "heavy, hoppy ale". In an attempt to arrest the sales decline, National acquired two more breweries in 1948, but when sales dropped further in 1949, management decided to reduce its number of plants. In 1951, two plants were closed and a third was sold to Canadian Breweries for $3.7 million. Net profits had dropped from $3.0 million in 1948 to $0.8 million in 1951 and the annual common share dividend, paid since 1936, had been reduced from $2.00 to $1.00.[11]

Taylor entered into discussions with National's President, Norman J. Dawes, in April 1951. An offer of $35 cash for each preference share (4 votes) and a share-for-share exchange for each common share (1 vote) was rejected by National's Directors on June 7, 1951, as being too low. CNB countered, however, with a new offer directly to shareholders of $50 cash for each preference share, leaving the offer for the common unchanged.[12] The shareholders tendered 21,320 common shares and 102,159 preference shares giving CNB a 37.0% voting interest by October 29, 1951. The market value of the transaction was an estimated $5.5 million. Subsequently, the Superior Court authorized CNB to purchase the remaining 8,841 preference shares outstanding for $50 cash per share, so that by December 31, 1951, its interest was 39.9%.[13]

Taylor said that had National's preference and common shareholders accepted CNB's offer, and had the preference shareholders reinvested in the company's common stock, the outstanding share capital of CNB would have been 3,220,320 shares of which the National Breweries' shareholders would have owned 998,872 shares or 31.0%.[14]

Notwithstanding its minority position, CNB was successful in securing sufficient votes at National Breweries' annual meeting on March 19, 1952, to elect its proposed Board of Directors. Following the meeting, Wilfrid Gagnon was elected President and Chairman and J. Armand Desrochers was elected Vice-President and General Manager.[15]

Soon after its election, the new Board suspended the dividends on both the common and preference shares as a result of the continuing decline in National Breweries' net profit.[16] Although earnings recovered dramatically in the following years, the dividend was not reinstated until 1958.[17]

CNB, meanwhile, continued to acquire National Breweries' common shares in the open market and by October 1954 it had acquired 60%; by October 1964, it had acquired 100% of the outstanding stock.[18]

National Breweries' new directors and officers changed its name to Dow Brewery Limited and consolidated the operation, reducing the number of brands from nine to four and selling two of the five remaining plants, subject to the condition that they could not be used for brewing. The remaining plants were the original Dow and Dawes Black Horse breweries in Montreal, and the Boswell brewery in Quebec City. The Dow plant was then expanded, the Dawes Black Horse Brewery was closed and the Ranger Brewery in Kitchener was acquired from Canadian Breweries.[19]

Western Canada

In addition to the already noted motives for CNB's expansion, there was the substantial factor of freight cost on beer shipped from Ontario. In the late 1940's the company acquired investment positions in two western breweries:[20] approximately 30,000 of the 269,265 outstanding shares, or 11.1%, in Western Breweries Limited of Winnipeg, with breweries in Manitoba and Saskatchewan; and approximately 45,000 of the 577,738 outstanding shares, or 7.8%, in Brewers & Distillers of Vancouver, Limited, of which Vancouver Breweries Limited was a wholly owned subsidiary.[21]

With bank support, Taylor and McCutcheon purchased additional shares in Brewers & Distillers from certain English shareholders. Brewers & Distillers, between December 1949 and July 1951 purchased, through a $31.50 cash offer, all the shares

in Western Breweries Limited. In February 1950, Brewers & Distillers was renamed Western Canada Breweries Limited (WCB) and Taylor and McCutcheon were elected to the Board of Directors.[22]

CNB purchased the shares acquired by Messrs. Taylor and McCutcheon and on October 15, 1953, held about 161,000, or 23.8%, of WCB's common shares. While CNB had two seats on the Board, the majority of the Board represented various English shareholders, who owned about 324,000, or 48%, of WCB's shares. On the other hand the company's share interest, while a minority one, was the largest held by a single shareholder. Although there were no officers common to the two companies, CNB's technical knowledge was available to WCB on a fee basis.[23] WCB paid a dividend on its common shares of 90¢ between 1947 and 1949, $1.25 in 1950, including a 25¢ extra, $1.00 between 1951 and 1955 and $1.20 between 1956 and 1963.[24]

Through WCB, CNB acquired control of three other companies. First, control of Grant's Brewery Limited of Winnipeg was acquired when WCB caused the incorporation of a new company, named Gran-tor Limited, to purchase all the issued shares of Grant's. WCB in turn purchased all the preferred shares of Gran-tor, while yet another company, Torcan Investments,* acquired all the common shares of Gran-tor. Second, WCB succeeded in purchasing control of Red Deer Brewing Company Limited in 1953, when that newly incorporated company found it necessary to seek funds for the completion of its brewery.[25] Third, the company acquired through a share exchange all the outstanding shares of Calgary Brewing and Malting Co. Ltd. in 1961. The assets acquired included control of Bohemian Maid Brewing Co. Ltd. of Edmonton.[26]

From 1953 to 1962, CNB acquired, from the English shareholders and through open-market purchases, an additional 477,000 shares in WCB, resulting in a total investment position of 638,000, or 77%, of WCB's common shares. In late 1962, CNB offered to purchase all WCB's shares not already held, at a price of $36 a share. When the offer expired on January 14, 1963, CNB held over 808,000 shares or 98% of WCB's stock and invoked the Companies Act (Canada) to acquire the remaining shares.[27] This action, which completed the company's western expansion, was financed by the sale of preference shares.

United States

After World War II, CNB undertook a major expansion in the United States, where the industry was still made up of many small local concerns, an encouragement to a national company that could take advantage of economies of scale and national advertising.[28]

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* - See Chapter 2, pp. 35, 37-38.

The company had entered the U.S. beer market in the mid-1930's by acquiring a 5% interest in Peerless Corporation, which later became the Brewing Corporation of America (BCA). By the end of World War II, CNB controlled BCA and, through a 1951 share exchange, it increased its holding to 95% of the issued stock.[29]

Initially, the investment was a disappointment: losses between 1946 and 1949 amounted to $5 million and the firm ranked an insignificant sixty-second among American breweries, with annual sales of only 360,000 barrels. Then Taylor placed George M. Black, Jr., in charge and renamed the firm Carling Brewing Company Incorporated. Black launched, and his successor I.R. Dowie implemented, a major modernization and advertising program, and, within six years, Carling had moved into eighth place among U.S. beer-makers, with annual sales of 2.6 million barrels. While American brewing-industry sales increased at an average rate of 2% a year during that six-year interval, Carling's sales surged ahead at an average rate of increase of 32% per annum.[30]

Carling's bid for an improved industry position was based on a complete acceptance of the chain-brewery concept. Starting in 1954, when its name was changed to the Carling Brewing Company, management bought or built six additional Carling plants to saturate all regions of the country with Red Cap Ale and Black Label Beer: The Griesedieck Western Brewing Company at Belleville, Illinois, was bought in 1954; the next year a Frankennuth, Michigan, plant was bought from International Breweries, Inc.; in 1956 a plant was built in Natick, Massachusetts; in 1958 a new plant was built in Atlanta, Georgia, the same year the Heidelberg Brewing Company in Tacoma, Washington, was acquired; and, in 1961, a new plant was opened in Baltimore, Maryland.[31]

In related moves, Dominion Malting formed a new subsidiary in 1962, American Malting Inc., to acquire for $3.0 million the plant and inventory of Perot Malting Co. at Buffalo, New York. Finally, in its last acquisition move, Carling Brewing Company acquired the assets of Arizona Brewing Co. Inc. in 1964.[32]

United Kingdom

In 1958, CNB arranged with Hope and Anchor Breweries Limited of Sheffield, England, for each company to acquire a share interest in the other, franchising the production and sale of Carling's Black Label Lager in Great Britain and Anchor's Jubilee Stout in Canada. Under the agreement, the company issued 38,724 common shares to Hope and Anchor in exchange for 324,556 ordinary shares of that company.[33]

In February 1960, CNB purchased 70% of John Jeffrey & Company Limited of Edinburgh, Scotland, which then merged with Hope and Anchor Breweries Limited and Hammonds United Breweries Limited to form Northern Breweries of Great Britain Limited.

The holding company's name was later changed to United Breweries Limited.[34]

Hare Place Investments was formed in 1961 to acquire holdings in brewing companies in the United Kingdom. The company was approximately 46%-owned by CNB and 54%-owned by Charrington Breweries Limited.[35]

In 1962, the company purchased for the equivalent of $1.8 million, 93% of the outstanding shares of Beamish and Crawford Limited, a brewery in Cork, Ireland. The same year United Breweries Limited and Charrington Breweries Limited merged to form Charrington United Breweries Limited; in terms of the number of public houses owned, the merged company became the third-largest brewery in the country, with some 5,600 retail outlets. CNB owned 10% of this new company, acquired at a cost of $17.2 million.[36]

In 1967, Charrington United Breweries Limited merged with Bass, Mitchells and Butlers Limited to form Bass-Charrington Limited. CNB owned approximately 5% of the new company, which controlled 11,100 pubs in the United Kingdom.[37]

MARKET SHARE

From 1945 to 1964, CNB's net sales increased at an average annual rate of 11% compared to about 5% for the beer industry. During this period the company became Canada's largest brewer and the fourth-largest U.S. brewer, as its market penetration approached 50% in Canada and 6% in the United States. A breakdown of this growth rate in sales is presented in Table 14.

Table 14

CANADIAN BREWERIES LIMITED

AVERAGE ANNUAL GROWTH IN SALES

1945-64

1945-50	1950-55	1955-60	1960-64	1945-64
16.2%	14.8%	8.7%	4.7%	11.4%

The rapid growth of the 1945-50 and 1950-55 periods reflected more liberal drinking laws in Canada and aggressive market expansion in the United States and Canada. As the opportunity for expansion through acquisition declined in the periods 1955-60 and 1960-64, CNB's sales growth slowed accordingly,

and by 1962 problems appeared that caused CNB to lose its dominant market position.*

Canada

Competition, from Molson Industries Limited and John Labatt Limited, increased sharply in the late 1950's and early 1960's. While CNB's market share was slipping from close to 50% in 1960 to 45% in 1964 to 36% in 1968, Molson and Labatt were steadily increasing their penetration from approximately 24% and 20% respectively to around 29% each in 1968.** This decline, which can be attributed to management's error in concentrating on several instead of on two or three brands, accelerated in 1966 when an accident in the Quebec City plant caused CNB to lose temporarily the bulk of its share of the Quebec market.[38]

United States

Expansion in the 1950's had proceeded at an excessive rate and Carling had entered areas of insufficient demand growth, resulting in inefficient levels of production and in an over-extended marketing structure by 1960. Furthermore, management did not introduce a premium brand at a time when the market dictated such a move, product quality suffered and its brand, Carling's Black Label, began to lose market share. As a result, Carling's overall market penetration, which had moved up from 3.8% in 1956 to 6.0% by 1959, had slipped to 5.2% by 1965, while penetration by the three major brewers, Anheuser-Busch (from 7.4% to 11.7%), Schlitz (from 7.5% to 8.6%) and Pabst (from 4.0% to 8.2%), increased during this ten-year period.

United Kingdom

With the creation of Bass-Charrington Limited in 1967, CNB owned 5% of the largest brewing concern in the United Kingdom. It is estimated that the new company had sales of $600 million, or 20% of the U.K. market.

RESTRICTIVE TRADE PRACTICES COMMISSION[39]

As a result of its acquisitions, CNB, in 1954, owned close to 60% of the brewing industry in Ontario and 50% in Ontario and Quebec combined. The Director of Investigation and Research of the Combines Investigation Act completed an enquiry in 1954 into the manufacture, distribution and sale of beer in Canada. The statement of evidence prepared contained certain allegations against the company, which CNB considered unfounded.

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* - See also Chapter 5, pp. 96-97.

** - See Chapter 5, p.97.

The report alleged that the company had followed a deliberate plan of acquiring rival brewing companies and closing, selling or dismantling a number of plants to eliminate competition and to dominate the industry in Canada. CNB stated that its mergers contributed to the rationalization of the brewing industry and that its practices were in line with the general pattern of producers to become fewer and bigger.

Toward the end of 1954, a hearing was held and the Restrictive Trade Practices Commission, in its report to the Minister of Justice in June 1955, recommended steps aimed at preventing further acquisitions or other alleged practices that might lead to control of the Canadian brewing industry by CNB.

In November 1957, the matter was referred to counsel by the Minister of Justice with instructions for prosecution. Hearings before the Ontario Supreme Court began in the latter part of 1959. In February 1960, Chief Justice McRuer found CNB not guilty of monopolistic abuses, ruling that the company neither was in a position to carry on business without competition (or substantially without competition) nor had the power to control the market and fix prices.[40]

PROBLEMS

As the opportunities for growth through acquisition diminished in the late 1950's, and further penetration and profitability became a function of astute marketing management, CNB was unable to develop the organization necessary to overcome the competition and its market share began to decline.

Black, who had joined the company in 1949 and who as President had had notable success in the early 1950's with his decentralized management policy and expansion programs, resigned in 1958 when Taylor decided to reinstate centralized management following three years of virtually flat earnings. His replacement, I.R. Dowie, formerly Vice-President of Sales of CNB and President of Carling, implemented Taylor's plans.

In the initial year of the new management structure, CNB's sales and earnings increased by about 20%. However, the company's preoccupation with efficiency of production at the expense of an effective marketing policy caused CNB's market share to decline between 1959 and 1965 from 50% to 44% in Canada and from 6% to 5.2% in the United States. As market share continued to decline, the company increased its advertising and general marketing expenditures in an attempt to reverse the downtrend, which placed sharply increased pressure on profit margins. In the United States, margins, which had always been relatively low due to the high degree of competition in that market, declined to the point where Carling was losing money.

In an attempt to correct the problems, John G. Campbell, an accountant, replaced Dowie as President in 1965. Campbell promptly decentralized the company along geographic lines, enabling management to supervise and advise the subsidiary companies without becoming involved in the day-to-day problems. The reorganization of the Canadian-based operations entailed the sale of four plants: Toronto (O'Keefe); Toronto (Dow); Red Deer (Carling); and Nassau, Bahamas. Carling's U.S. operations were consolidated in 1966 and its plants in Fort Worth, Texas, and Phoenix, Arizona, sold.

The decline in profit margins of CNB's Canadian operations was stopped, but its market share in both Canada and the United States continued to slide, confirming management's inability to contend with the astute innovative marketing techniques of its competitors.

DIVESTITURE

Early in 1968, Rothmans of Pall Mall Canada Limited, Canada's second-largest cigaret manufacturer, approached CNB, expressing an interest in purchasing a sizable equity position. The principals of Argus were contacted and, after lengthy discussions with Rothmans' management, agreed to sell the 2,400,000 shares of CNB held by Argus at $12 per share ($28.8 million) in June 1968.[41] This price represented approximately a 50% premium above CNB's trading level through the first five months of 1968.

SUMMARY

When Argus acquired its 221,890 common shares, or 12.7% interest, in CNB in 1945, Taylor had already developed the company into one of the world's largest brewing enterprises through the rationalization of the beer industry in southern Ontario. From the late 1940's through the 1950's, Taylor and his Argus associates implemented this rationalization program on a national scale, and by 1959 CNB had 50% of the Canadian beer market.

The company's success, however, may have convinced management that Canadian and U.S. competition was too fragmented to pose any serious threat to its dominant market position. Accordingly, CNB did not differentiate between its internal and external sales growth and, therefore, failed to formulate a distinctive marketing policy. As a result, CNB's market share began to erode when the competition implemented aggressive marketing policies in the early 1960's in response to the evolving preferences of the postwar population boom.

In 1965, Argus implemented management changes at CNB in an attempt to arrest its decline in market share and pressure on profit margins. However, the solution served only to ease the pressure on margins, and the company's market share continued its steady decline through to the time Argus disposed of its investment in 1968.

We estimate that Argus realized a net profit of approximately $17 million on the sale of its investment position in CNB.*

DOMINION STORES LIMITED

ARGUS INVESTMENT

Argus corporation acquired 42,335 common shares of Dominion Stores Limited (DMS) in November 1945, when E.P. Taylor, W.E. Phillips and John A. McDougald exchanged their holdings of DMS for shares in the newly formed Argus Corporation.** Taylor, Phillips and McDougald had acquired their shares of DMS from J. William Horsey in April 1945.[42] Horsey, then President of the company, had learned that a controlling interest in DMS was about to be sold by French financier François Dupré to Safeway Stores Incorporated of Oakland, California. After negotiating for an option to acquire the interest, Horsey turned to McDougald for funds with only hours remaining before the option expired. Approximately $700,000 was involved, but McDougald undertook immediately to purchase the shares. "It is one of the best examples I know of someone having the nerve to do something quickly," McDougald said, "if we hadn't, in all likelihood, there would be no Canadian controlled Dominion Stores. It would have been all Safeway."[43]

During the period 1946-75, Argus Corporation increased its investment position from 42,335 shares (15.1%) to 2,000,000 shares (23.5%) (adjusted for 4-for-1 stock split in 1950 and a 5-for-1 stock split in 1961).*** Argus acquired in the open market 24,890 shares in 1946 when the stock traded between $21.00 and $28.50, 6,775 shares in 1947 at between $27 7/8 and $20.00 4,000 shares in 1951 at between $14.50 and $10.00, 75,000 shares (on a 1-for-4 rights offering at $33) in 1955, and 10,000 shares in 1956 at between $32.00 and $44.25; Argus sold 5,000 shares in 1959 at between $92.50 and $49.00 and bought 100,000 shares in 1969 at between $17.25 and $11 7/8.[44]

GROWTH IN OPERATIONS

Success, 1946-59

In 1940, two years after Horsey became President of DMS, a major program had been undertaken to improve existing facilities. The advent of World War II forced a postponement but the company's "Program for Planned Development" was resumed in 1946, with Argus'

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* - See Table 9, p. 26.

** - For the earlier history of DMS see Appendix A, pp. 118-19.

*** - See also Appendix D, p. 191.

full support. By 1955, 133 inefficient stores had been closed and 86 new stores, primarily supermarkets, had been built.[45] Total sales and sales per store had increased by 4.5 times and 5.1 times, respectively, and profit per dollar of sales had moved up from 1.29¢ to 1.71¢.*

The new stores were located in Ontario, Quebec, Nova Scotia, New Brunswick and Alberta. With further expansion through 1958, the company became Canada's first national food chain.[46]

Between 1949 and 1959, the company's sales increased at an average annual rate of approximately 17% and profit margins improved steadily; as a result, net profit in the year ended March 31, 1959, was 4.75 times the 1949 figure. The common shares of DMS appreciated significantly during this period, rising in an almost unbroken line from approximately $5.50 (adjusted for a 4-for-1 stock split in 1950) to a high of $92.50 in 1959.

<u>Competition and Consolidation</u>

By 1959, however, opportunities were diminishing. Competition increased, reducing profit margins drastically. Contributing to this change were the following three factors. First, regional food chains entered a period of rapid geographic expansion, employing aggressive promotional techniques. Entrenched chains reacted strongly and price-cutting resulted. Second, as demand was growing more slowly than anticipated, expansion programs proved overly ambitious and competition was further intensified. Third, the position of independents improved as organizations such as the Independent Grocers Alliance (IGA) became more aggressive.

Accordingly, the company's profit per sales dollar dropped sharply from 2.07¢ in the six months ended September 30, 1958, to 1.42¢ in the six months ended September 20, 1959. The stock reacted, falling from $90 at the beginning of April 1959 to $41 in mid-March 1960. As a result, management shifted its emphasis from sales growth to a profit margin improvement. While sales did not increase as rapidly as those of the industry as a whole, profit margins were restored to former levels within five years.

DMS' slower sales growth in the 1960's can be attributed to the following factors: 1) a premium-price policy that resulted in a loss of market share to the independents in the first half of the decade; 2) failure to expand as rapidly as the competition; and 3) elimination of selling space (15 stores in British Columbia and Alberta were closed in 1968-69, reflecting the competitive position of Canada Safeway, which dominated the market in those provinces).

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* - See also Chapter 5, pp. 97-98, and Appendix B, pp. 150-51.

New Directions

Unlike many of its competitors, DMS did not diversify into the department store business. It was management's view that the company should concentrate on the operation of high-volume supermarkets. This also appeared to reflect the philosophy of its principal shareholder, Argus.

DMS' diversification activities were limited to some moves toward vertical integration, the major developments being the following: the acquisition of approximately 45% of the outstanding shares of General Bakeries Limited, a major supplier of the company's private-brand bakery products; the purchase of all the shares of Bittner Packers Limited, a manufacturer and distributer of quality delicatessen products; and the acquisition of a majority interest in The Willett Fruit Company Limited of Saint John, New Brunswick, a major regional wholesaler.[47]

In addition, relative to its competition, DMS approached the discount pricing market slowly. The hesitancy appears mainly to have been due to inadequate warehouse facilities to support the higher volumes that such a policy would generate. As a consequence, the company experienced continual losses in sales position and declining profits. By late 1969, however, the company's Toronto warehouse was completed. After a period of elaborate testing, a new merchandising policy, devised by McDougald and T.G. McCormack, President, centred on "deep discount pricing", was implemented. By comparison, Steinberg's had introduced its Miracle Price Discount policy in February 1969.

The policy change, although tardy, appears to have been eminently successful. Both total sales and sales per store have risen at average annual rates of approximately 20.5% since fiscal 1970.* Success may be attributed to the following factors: the company's quality image; its truly competitive prices; and the unwillingness or inability of some competitors to follow. Most gains have been realized at the expense of A & P, Loblaw Groceterias and independents, including IGA operations, not equipped from either an operational or a financial standpoint to compete in an extended price war.

The deep discount policy continues in effect today; however, DMS' continued sales success is probably due more to its quality image, the weakness of some competitors and its ability to secure choice locations, particularly in Ontario, than to any impression the consumer might have regarding exceptional price opportunities. Nevertheless, the company is viewed as having very competitive prices, and it is DMS' resolve to remain a price leader, as well as the nation's largest food merchandiser.

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* - See also Appendix B, p. 151.

GENERAL BAKERIES LIMITED*

DMS owns 45% or 337,500 common shares of General Bakeries Limited, the second largest baking company in Canada, which supplies the company with substantially all of its private-brand bakery products.

Another 12% interest is owned by McDougald, while the remainder is in public hands.

General Bakeries was incorporated by Horsey, then President of DMS, on March 12, 1946, and was established to acquire from Taylor, McDougald & Company** the assets of Brousseau Limitée, Purity Bread Limited, Bryce Bakeries Limited and Robertson's Bakeries Limited.[48] In 1946 Taylor, McDougald & Company had acquired from Purity Flour Mills Limited[49] the assets of its four subsidiary bakeries[50] (among the directors on the Board of Purity were McDougald and McCutcheon). Taylor, McDougald & Company acquired the assets for $1,300,000 and sold them to General Bakeries for $1,406,250. General Bakeries financed this purchase by the sale in April 1946 of 250,000 common shares: 35,000 shares at $1 per share sold privately to Horsey, and 215,000 shares at $5 per share sold publicly by R.A. Daly Company Limited.[51] This has been the only offering of General Bakeries stock since the company was formed.

It is not known when, or from whom, DMS acquired its 45% interest in General Bakeries.

SUMMARY

McDougald and Argus saved DMS from American control in 1945 and influenced the company's development into Canada's first national and largest food merchandiser. Sales increased from $32.0 million to $1.7 billion, earnings from $1.0 million to $17.0 million and the number of employees from 1,638 full-time and 400 part-time to 11,907 full-time and 12,844 part-time.

In the 15 years following World War II, DMS implemented its "Program for Planned Development" that upgraded its outlets, emphasized the extension of the supermarket concept and expanded its operations to become Canada's first national food chain in 1958.

The success of the 1950's, however, had not prepared DMS for the adverse developments of the 1960's (including slower-than-anticipated growth in consumer demand, increased competition from regional and independent retail food companies and discount pricing), which drastically reduced profit margins.

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* - For a detailed history see Appendix A, pp. 120-22.

** - See Chapter 2, p. 36.

These setbacks notwithstanding, DMS recovered dramatically in the early 1970's, increasing its market through the timely introduction of its "deep discount pricing" policy,* to establish itself as clearly the premier company in the Canadian retail food industry. John A. McDougald in his appearance before the Royal Commission on Corporate Concentration referred to this major management decision:

> Some years ago with Dominion Stores we decided we would go into deep discount because the chain operations were pretty sloppy, which meant that we were going to be faced with quite a shellacking for a little while.
>
> Well, the management was absolutely right in what they did. We knew that for a period we were going to have a rough time but we knew, or at least we felt that in the end we would be right. As it turned out, fortunately, we were, but the management were able to go ahead and do these things knowing at least they had our support.[52]

At December 31, 1974, Argus' unrealized gain on its DMS investment was an estimated $28.4 million.**

MASSEY-FERGUSON LIMITED***

INTRODUCTION

Massey-Harris Co., Limited, was the result of a merger in 1891 of farm implement manufacturing businesses begun by Daniel Massey and Alanson Harris in 1847 and 1857 respectively.[53] They achieved success by developing their own equipment and acquiring the rights to manufacture equipment developed elsewhere, by developing major export markets through demonstrations, creative marketing techniques, price cutting, and extending credit. It was not until shortly before World War II that Massey on its own developed an important product, the first good self-propelled combine harvester. It was in this area that the company excelled in the postwar years.[54]

In 1942, as a result of a reorganization, the number of Massey directors was increased from ten to twelve, three of whom

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* - See also Chapter 5, pp. 98-100.

** - See Table 9, p. 26.

*** - See also Appendix A, pp. 123-28.

were to represent the preferred shareholders. James S. Duncan, President, wanting to strengthen his Board, approached Taylor to fill one of the vacancies. At the annual meeting of shareholders on March 31, 1942, Taylor, W.L. Bayer, and Gordon C. Leitch were nominated as Directors of the company, representing the preferred shareholders.[55] Taylor and Duncan also wanted Phillips on the Board. He became a Director, representing common shareholders, when a vacancy arose later that year.[56]

ORIGIN OF ARGUS CORPORATION'S ROLE

On November 21, 1945, Argus acquired 55,195 preference shares of Massey from Canadian Industrial Investments Limited and Invesco Limited, of which companies E.P. Taylor and W.E. Phillips were the major shareholders.[57] They had acquired these shares during the three years following the reorganization of Massey's capital structure and their appointment to the Board of Directors in 1942.[58] In 1946, Argus converted its holdings, receiving two common shares for each preference share held and became the largest shareholder with 110,390 shares or 8% of the outstanding common stock.[59]

In 1946, Taylor and Phillips, temporarily unable to invest additional capital, persuaded Victor Emmanuel, an American industrialist and president of a large American holding company with an interest in a small farm-implement firm, to purchase shares in Massey on their behalf.[60] Subsequently, Taylor declared to Duncan his intention to amalgamate Emmanuel's company with Massey. Phillips also stated that, with the combined shares of Argus and Emmanuel, working control over the company could be established.[61]

Duncan, however, fearing that control of the company might pass into American hands, rejected the proposal. As the arrangement was contingent on Duncan continuing as President and senior executive officer, Emmanuel sold his shares in 1946 to Taylor, Phillips and their associates.[62] Accordingly, Argus acquired 39,610 common shares of Massey during the year ended November 30, 1946, and 15,000 common shares during the year ended November 30, 1947, increasing its investment from 110,390 common shares, or 8%, to 165,000 common shares, or 14.4%.[63]

The participation of Taylor and Phillips in the affairs of Massey increased and they soon controlled the company, something which no small group of shareholders had done since the Massey family had sold its interest in the 1920's. Control was achieved through the appointment of directors supportive of their plans for the company* and through the accumulation of stock. The decisive change came at the annual meeting of February 12, 1947, when J.S.D. Tory, J.A. Simard, and H.J. Carmichael were elected to the

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* - See Appendix E, pp. 196-201.

Board of Directors of Massey, and J.F. Lash and F.K. Morrow were not reelected. When the Executive Committee of the Board was formed in 1948, representatives of the Argus group made up the majority of its members and "it was clear that that group had gained firm control of the company".[64]

ARGUS INVESTMENT

As related above, Argus acquired its initial investment position of 55,195 convertible preference shares (14.9%) of Massey in a cash and share-exchange transaction on November 21, 1945. From 1946 to 1975, Argus increased its equity position from 110,390 common shares (preference shares converted on 2-for-1 basis in 1946) to 3,000,000 common shares, while its percentage ownership increased from 14.9% to 16.4%.[65] Argus acquired 39,610 shares in the open market between December 1, 1945, and November 30, 1946, when the stock traded between $21.00 and $13.00 and 15,000 shares in 1947 at between $21.75 and $14.50; it sold 10,000 shares in 1948 at between $16.00 and $23.25 for a total of 155,000 common shares, equivalent to 775,000 shares following the 5-for-1 stock split in 1951. Argus acquired 725,000 shares from Heathview Corporation Limited* in 1954 at between $7.375 and $9.875; 150,000 shares in 1963 on a 1-for-10 rights offering at $10; 330,000 shares in 1966 on a 1-for-5 rights offering at $26; 120,000 shares in 1968 in the open market at between $24.75 and $14.00; 750,000 shares in 1969 at between $25.50 and $15.75; and 150,000 shares in 1975 at between $13.375 and $20.875, increasing its investment position to 3,000,000 shares (16.4%).[66]

As a result of the 1941 capital reorganization, there were 483,596 6.25% preference shares outstanding. None were converted or redeemed before 1945. Between 1945 and 1949, however, a total of 161,198 preference shares were converted into 322,396 common shares on a 2-for-1 basis, and a further 161,198 preference shares were converted into 241,797 common shares on a 1½-for-1 basis. In 1950, the remaining 161,200 outstanding preference shares were converted or redeemed as follows: 124,810 shares were converted to common stock on a share-for-share basis; 33,966 shares were purchased for cancellation by the company at $30 per share; and 2,424 shares were called for redemption at $30.24 per share. As a result, there were 1,539,160 common shares outstanding at October 30, 1950.[67]

In March 1955, Massey authorized the issue of 500,000 preference shares. The company sold 250,000 4½% cumulative convertible preference shares, $100 par value. These shares were convertible into common shares on or before March 1, 1959, on a 1-for-10 basis, then to March 1, 1962, on a 1-for-8 basis, and until March 1, 1965, on a 1-for-7 basis. Between 1955 and 1965, 235,616 of these preference shares were converted into 2,356,160 common

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* - See Chapter 2, pp. 35, 38-39.

shares on a 1-for-10 basis, 9,456 were converted into 75,648 common shares on a 1-for-8 basis, and 4,928 were redeemed. In April 1959, the company sold 250,000 5½% cumulative convertible preference shares, $100 par value. Between 1959 and 1965, 5 of these preference shares were converted into 30 common shares, 249,178 were converted into 1,245,890 common shares, and 817 were redeemed. At October 30, 1964, there were 14,820,038 common shares outstanding.[68]

GROWTH IN OPERATIONS

James S. Duncan

Duncan joined Massey in 1910 at the age of seventeen and worked in France, Canada, Germany and Argentina. Son of the original importer of Massey implements into France, he was General Manager by 1935, and President by 1941. During his presidency, Massey's sales increased from $34.6 million to $355.1 million in 1956; earnings increased from $1.1 million to $3.1 million, after peaking at $15 million in 1950. Initially, Duncan expanded sales and earnings by maximizing Massey's contribution to the war effort. After, he planned the major rebuilding of Massey's plants in England, France and Germany.[69]

It was Duncan's initiatives offshore which produced the company's substantial sales and earnings gains in the immediate postwar period and established its international stature. Although the initial benefits were foreign-market penetration over tariff barriers, other benefits, such as economies of scale and flexible responses to changing international, political and economic circumstances resulted. Notwithstanding, this policy also had its drawbacks, particularly with regard to exploitation of North American potential, as is discussed below.

In addition, recognizing in the early 1950's the shortcomings in the company's line of tractors and tillage implements, it was Duncan who initiated steps to merge with the Ferguson companies, which merger did most to establish Massey as a competitive, multinational corporation in the farm implement industry.

It would appear that virtually from the outset there were differences between Duncan and the Argus directors, as the latter were dubious about the European expansion plans in the late 1940's, preferring at least to concentrate objectives to a greater extent in North America. In retrospect, there is justification for both approaches. Notwithstanding, in 1953, Argus' support for Duncan on the Ferguson merger was complete.

Differences between Duncan and the Argus directors were not limited to expansion and operating matters. In 1949 Duncan, having agreed to an increase in the regular dividend, objected to Phillips' suggestion that an extra dividend of $1 per share be paid but to preserve harmony Duncan acquiesced.

The following year, however, despite pressure from Taylor and Phillips, Duncan refused to recommend to the Board that the regular dividend be raised again and that an extra dividend of $3 per share be paid. Involved was a total dividend payment of $7.0 million; dividends totalled $1.3 million in 1948 and $2.8 million in 1949, while earnings in 1950 had increased only $1.7 million to $15.0 million. Notwithstanding, Duncan was overruled by the Board for the first time since he had become President.[70]

In retrospect, Duncan's reluctance to go along with a higher dividend payout ratio appears well founded. Although the company had been exceptionally prosperous for several years, previous experience indicated that the next cycle would involve declining sales, rising inventories and receivables, more competition, and lower profits, which did materialize following the Ferguson merger.[71] In addition, much remained to be done to establish the company's position in the United States.

Accordingly, despite his contributions to Massey's growth, the differences between Duncan and Argus, which had been evident for many years, led to Duncan's resignation in 1956.

From the Argus directors' viewpoint, however, Duncan's accomplishments were decidedly mixed. Following the Ferguson merger, it would appear that Duncan failed: (1) to anticipate the magnitude of the downturn in the farm equipment sales cycle in the mid-1950s; (2) to perceive the need for a reorganization of the corporation to improve manufacturing and production control; (3) to realize the extremity of the financial crisis produced by the decline in sales and liquidity; and (4) to recognize fully the potential and quality of the U.S. market.

Ferguson Acquisition

Although Massey manufactured a complete line of farm equipment, it had failed to develop a successful line of tractors. As a result, when the Harry G. Ferguson companies, renowned for tractors and tillage equipment, encountered difficulties in the late 1940's and early 1950's, Massey seized the opportunity to effect a merger.[72]

Harry G. Ferguson was responsible for developing and popularizing an innovation in tractor and implement design, the Ferguson Pressure Control System, which included the three-point hitch and which has been generally recognized as one of the two most significant developments in farm machinery since the 1920's, the other being Massey's development of the self-propelled combine.[73]

In 1947, the Ford Motor Company terminated its agreement to make Ferguson tractors and the Ferguson Companies experienced a decline in U.S. sales from $59 million in the first half to $11 million in the second half of 1947. Ferguson sued Ford for infringement of patents and built his own tractor assembly plant in Detroit.[74] As a result of these developments, Ferguson's

competitors were dubious about his financial position. Accordingly, while it was evident that some link between the Massey and Ferguson operations made sense, contact between the two companies took place only at the engineering level for the next five years.

In 1953, however, when Duncan went to England to discuss the details of a combine manufacturing contract, the discussion eventually led to the topic of a possible merger. Phillips, Tory, McDougald and McCutcheon were then called upon to attempt to negotiate the financial terms. Eventually, the issue, which revolved around whether to pay Ferguson $16 million (net asset value at December 30, 1952) or $17 million (net asset value at June 30, 1953, was $16.7 million), was resolved by the famous coin toss, which Ferguson lost. As a result, Ferguson received 1,805,055 shares (18%) (adjusted for 5-for-1 stock split in 1951) valued at just under $9 per share in exchange for all the shares of the operating Ferguson companies.[75]

Within months, however, Massey's decision to perpetuate and extend the two lines of machinery and to maintain the two separate distribution systems inherited from the merger resulted in a major confrontation with Ferguson, who threatened to sell his stock, resign and take his top engineers with him.[76] Accordingly, Duncan Phillips, McDougald and Tory, by an agreement dated July 6, 1954, terminated Ferguson's association with Massey, arranging for Heathview Corporation Limited, a company formed by the Taylor, McDougald group,* to acquire Ferguson's interest in Massey. As Ferguson had previously disposed of a large part of his 18% interest in the open market, Heathview's purchase (the exact size was unknown) was substantially less than Ferguson's original 1.8 million shares. In September 1954, Heathview sold 725,000 shares of Massey to Argus for $4.4 million or approximately $6.00 per share.[77]

This purchase increased Argus' holding to 1,500,000 shares, or 15.8%, making it the company's largest shareholder.

U.S. Development

Although it was Duncan who had convinced a reluctant Board of Directors that Massey should remain in the U.S. market in the 1930's, his efforts to upgrade the company's product line, particularly tractors and tillage equipment, and its dealer network in the rich U.S. "corn belt" market over the next two decades were not sufficiently concentrated.

In the immediate postwar years Duncan directed his efforts to the development of Massey's international markets, with considerable success.

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* - See Chapter 2, pp. 38-39.

It was not until the merger with Ferguson, in 1953, that any major step was taken to improve the company's tractors and tillage equipment. This merger, however, created problems of duplication of product and market distribution with the result that management's efforts again were diverted from assessing the potential of and developing a plan of action for the North American market. The problems were compounded further in 1956, when Massey encountered financial problems that necessitated the management change.

In 1960, when Deere & Company and Massey's sales were virtually at the same level, Deere introduced its now famous "Long Green Line" of agricultural equipment, as well as a short industrial equipment line. This revolutionary step, which included the redesign of all Deere's equipment, including its tractors, was extremely well received and produced substantial sales and market penetration gains for Deere through 1966 in the United States, the most prosperous, fastest growing and stable market.

Massey ultimately reacted to this challenge, redesigning its products, extending the horsepower range of its tractors and improving and upgrading its dealerships. Notwithstanding, the company was late in making its move and its sales gains in North America lagged in the 1960's. Under Thornbrough, however, management pursued its programs, and today the company is strongly in third place in the North American farm equipment market.

Change in Management

Following the merger, Massey experienced its worst financial period since the Depression. Profits declined from $9.3 million in 1954 to a loss of $4.7 million in 1957, largely as a result of the write-off of obsolescent equipment.[78] In June 1956, inventories world-wide reached $180 million on annual sales of $355 million. Massey sold $20.5 million of 4½% debentures to relieve the pressure, but the proceeds were quickly absorbed in the inventory squeeze.

The members of the executive committee of the Board, particularly Taylor and Phillips, concluded that Duncan and other executives were not coping with these difficulties and decided that they should be relieved of their duties. A.A. Thornbrough emerged as the senior operating executive and, shortly thereafter, several new senior management people were brought in from other companies.[79]

While Phillips prepared the organization structure, Thornbrough shut down plants in Racine, Detroit, Toronto and Batavia and cut prices in order to liquidate inventory and build cash. Within one year, $50 million had been raised through this program.[80] These steps, in an improved farm equipment environment, produced immediate results. Between 1957 and 1959, sales rose from $412 million to $491 million, while earnings increased from a $4.7 million deficit to a $21 million profit.

Subsequent Expansion

With the liquidity crisis overcome, Phillips, by then Chairman of the Board and Chief Executive Officer, and Thornbrough, President, turned their attention to restructuring the corporation operationally and geographically to achieve greater effectiveness. Both were particularly concerned over Massey's heavy dependence on outside suppliers of components and parts, a problem that reached extreme proportions after the 1953 merger with Ferguson.

With the company's credit reestablished, and its balance sheet and financial position greatly improved, it became possible for Massey to embark on a sustained expansion and diversification program. In the main, Massey made its acquisitions for cash (Badger-Northland Inc. was acquired in a share exchange, however), financed by two rights offerings, the sale of preference shares and sinking fund debentures and the raising of promissory notes and bank loans.

Beginning in 1957, Massey established manufacturing and marketing strategies to become a multinational company. [81] In 1959, Massey acquired for cash F. Perkins Limited, of Peterborough, England, the world's largest manufacturer of diesel engines. In subsequent years, Massey acquired Standard Motor's tractor plants in England and France; acquired a minority interest in Motor Iberica S.A. in Spain for the manufacture of combines, trucks and tractors; and participated in the formation of a company in India to manufacture tractors and other farm equipment; constructed a new combine plant in Brantford; acquired a plant for the manufacture of farm implements in Des Moines, Iowa; purchased a plant near Canton, Ohio, for the manufacture of diesel engines; and acquired a construction equipment firm in Germany. It also built an industrial and construction machinery plant near Rome, Italy.[82]

Throughout this period, Massey continued to make substantial progress in its international operations, but its problems in the North American market were not easily or quickly solved. Initially, Massey's efforts, particularly in the rich U.S. corn belt area, proved inadequate and consequently unsuccessful. However, under the consistent and determined guidance of Thornbrough, the company implemented an astute acquisition and dealer development program so that today Massey is recognized as a major force in the farm machinery and light construction industry in North America.

SUMMARY

Today, Massey is one of Canada's largest manufacturing companies, a multinational enterprise with products manufactured and sold in 30 and in 190 countries, respectively, employing 65,000 people. Since 1942, sales have increased from $58.2 million to $2.5 billion, and earnings from $1.6 million to $94.7 million. However, while much has happened in the past 15 years, in retrospect it would appear that the base for the establishment of an organization of this magnitude was laid by the early 1960's.

Reviewing the period prior to that, therefore, it would appear that the achievement was made possible by the following influences: (1) Duncan's determination to expand internationally, in spite of the initial reservations held by Argus' directors; (2) the combined efforts of Duncan and the Argus directors in making the Ferguson acquisition; (3) the ability of the Argus directors to accommodate Ferguson when his dissatisfaction threatened to split the company; (4) the authority and determination brought to bear by the Argus directors during the management and financial crisis of 1956; and (5) the success of the working relationship formed between the Argus directors and A.A. Thornbrough.

As a result of this last factor new financial, operational and organizational directions were brought to the company. On a sound financial basis, the company has been able to diversify, reducing its dependence on suppliers, and to continue to expand, regaining its share of the lucrative U.S. market and maintaining its position among its leading multinational competitors.

At December 31, 1975, Argus' unrealized gain on its investment was an estimated $23.2 million.*

BRITISH COLUMBIA FOREST PRODUCTS LIMITED**

HISTORY OF ARGUS CORPORATION'S ROLE

Origin

E.P. Taylor, supported by other Argus associates, conceived and directed the formation of British Columbia Forest Products Limited. During World War II, he had developed a strong interest in the west coast lumber industry through his association with H.R. MacMillan, who persuaded him to acquire the Victoria Lumber & Manufacturing Company, which Taylor subsequently resold to MacMillan.[83] As a result of the familiarity so acquired of the

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* - See Table 9, p. 27.

** - See also Appendix A, pp. 129-34.

west coast forest products industry, Taylor decided to build his own company.

On January 31, 1946, he caused the incorporation of a private company, Vancouver Cedar & Spruce Limited (subsequently renamed BCFP), which acquired for cash both certain assets of Sitka Spruce Lumber Company Limited for $280,609 and capital stock worth $800,000 from Robert O. Denman. Denman was also retained as an intermediary by Taylor, McDougald & Company Limited,* to acquire options to purchase the shares of the following companies: Hammond Cedar Company Limited; Industrial Timber Mills Limited; Cameron Investment and Securities Company Limited; Cameron Bros. Timber Company Limited; Cameron Lumber Company Limited; Hemmingsen-Cameron Company Limited; Osborne Bay Timber Buyers Limited; Renfrew Holdings Limited; and Realty Holdings Limited.[84]

Initial Financing

BCFP's authorized capital, initially 250,000 of $1 par value common shares, was increased to 500,000 of $1 par value common shares on February 1, 1946, and, on April 17, 1946, these shares were redesignated as no par value shares, and the authorized amount was increased again to 2,500,000 shares.

The $1,080,609 Sitka transaction was financed privately by the sale of 500,000 common shares of BCFP at $1 per share to E.P. Taylor and other Argus associates and to Hugh Mackay, Austin C. Taylor, and Mr. & Mrs. A.D. Lauder, and by the sale of $600,000 4½% first mortgage bonds.[85]

Taylor, McDougald & Company also exercised the options on the other lumber companies, caused them to be wound up and transferred the assets to BCFP for a cash consideration of $8,988,462. On May 31, 1946, to finance these acquisitions and to provide working capital, BCFP had its initial public offering, through a group of investment dealers managed by W.C. Pitfield & Company Limited, of 1,500,000 common shares priced at $5 per share and 3,500,000 of 4% and first mortgage bonds priced at par. As well, $2,500,000 of 2 3/4% first mortgage bonds were sold privately.[86] "The very complex route of first incorporating a private company...with shares at $1 apiece, then acquiring the other companies to become British Columbia Forest Products wasn't a common business method," said John A. McDougald. "In those days we promoted a lot of things. Argus was not a promotional company; it was an investment company. Taylor, McDougald and Company were the entrepreneur part of it. They had nothing to do with Argus....This was deliberately kept separate. ... somebody had to take the gamble of having Denman there...money had to be put up to finance it, and this was when Taylor, McDougald came in."[87]

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* - See Chapter 2, pp. 35-36.

Argus Investment

Argus acquired its initial investment position of 100,000 common shares (5%) of BCFP on the public offering of May 31, 1946.[88] From 1946 to 1969, Argus increased its equity position from 100,000 to 500,000 common shares while its percentage ownership increased from 5% to 13.5%, after reaching a high of 20% in 1954.[89] Argus acquired an additional 100,000 shares in the open market between June 1, 1946, and November 30, 1946, when the stock traded at between $5 1/8 and $2.50; 100,000 shares in 1950 at between $2.75 and $6.00;[90] 100,000 shares from Heathview Corporation Limited* in 1954 at between $5.75 and $9.00;[91] 62,500 shares in 1967 in exchange for shares in Alexandra Forest Industries Limited;[92] and 37,500 shares in 1968 at between $12 7/8 and $30 7/8;[93] increasing its investment position to 500,000 shares (13.5%). In 1973, the stock was split 2-for-1 giving Argus 1,000,000 shares.[94]

Summary

Upon completion of the acquisition of the businesses and assets described, BCFP became one of the largest producers and manufacturers of timber products in Canada, employing approximately 1,700 people. Assets included large tracts of standing timber in British Columbia, adequate to provide a timber source for its sawmills, a substantial portion of which was already opened up for logging adjacent and accessible to present operations, and four modern sawmills equipped with the latest type of sawing, remanufacturing and finishing machinery, dry kilns, lumber-handling and waste-utilizing facilities.[95]

EXPANSION

During the period 1946 to 1969, BCFP expanded into a fully integrated forest products company. This expansion was financed by retained earnings, a share exchange and the sale of sinking fund debentures ($70.0 million), preference shares ($12.0 million) and common shares ($15.0 million excluding stock options and share exchanges).**

Problems

As a new company with plans to become an integrated producer, BCFP faced three pressing needs: (1) experienced management; (2) sales outlets; and (3) additional timber reserves. The first two problems were resolved by an agreement with the H.R. MacMillan Export Company to manage BCFP and to act as the exclusive sales agent for all wood products produced. Initially, senior management was composed of MacMillan employees, but, in 1953, with BCFP firmly established, the management contract was terminated. The third problem, the need for a more secure timber

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* - See Chapter 2, pp. 35, 38.

** - See Appendix A, pp. 130-33.

supply, was not so readily solved and delayed the fulfillment of the company's expansion and diversification plans.

Plans

"It was always [Argus'] intention right from the very beginning to get into pulp and paper," said E.P. Taylor. "It seemed to be a natural. ...the pulp and paper business wasn't healthy [in 1946], but the thing was to get the raw materials, to purchase additional timber. We really hadn't got enough timber to back up the operations in perpetuity. We were also thinking... about the pulp business first, plywood and newsprint afterwards....

"Lumber has an up-and-down history. Pulp and paper has too, but it gives more stability to a forest products business. Our business was turning trees into lumber, and pulp gave us a further outlet. As for newsprint, it was for diversification."[96]

Operating Policy

"There was a tremendous amount to do in the first few years by way of capital expenditure," said John A. McDougald. "We [Argus] were very much involved with BCFP at that time and most of these things were discussed with the whole group. Taylor gets full marks for putting it together, but then he ... turned it over to McCutcheon...[who] was very close to the picture all the time. He would discuss any number of problems with me and Hugh Mackay... [who] was very much involved, as his family was a great lumber family in the east. In discussions he [Mackay] was quite a factor--not in operations, but in trying to form judgements.... We weren't worried for the immediate future...but we were always concerned about the long term to be sure BCFP always had a good timber supply."[97]

"Taylor expected to get a statement very shortly after the end of each month...to see where we were going," said Trevor L. Daniels, former Comptroller of BCFP, "[He] realized that the management was...inexperienced. ...we weren't doing that well. ... that was what the balance sheet showed. But the danger signals were flying, and in order to get our profit position as [Taylor] wanted it, we were cutting our timber too damned fast. There seemed to be no way out, because by 1953 so little timber was available. ...the competition began to be very fierce. The prices that we paid in 1946 now looked like good buys,...However, our timber was all over hell's half acre--little bits here, little bits there [lower B.C. coast, mainland and Vancouver Island],... This resulted in costly problems with production, transportation and management. Thus, until we got our Forest Management Licence, we faced a serious timber situation."[98]

The Forest Management Licence was a new type of forest tenure, introduced in 1947, intended to improve conservation while providing the long-term secure timber supply necessary to

justify capital expansion. These licences were highly coveted by the forest companies, for without them the volume of timber which could be acquired was limited and the companies' development plans restricted.[99]

Timber Supplies, Pulp Expansion and the Scott Paper Company

During its first eight years BCFP had tried without success to have a plan accepted for a Forest Management Licence in the vicinity of its Lake Cowichan holdings and on the mainland. When its application was finally accepted in 1955, one of the conditions of the licence was the construction of a pulp mill. BCFP decided to build a pulp mill at Crofton with a rated capacity of 425 tons of bleached kraft pulp per day. This was a critical undertaking for BCFP. To help finance the project, Scott Paper Company (Scott) purchased one million common shares at $15 per share, giving it a 28.6% interest in the company after adjusting for the conversion of the 5% convertible sinking fund debentures in November 1955. Scott also agreed to buy a certain minimum tonnage of pulp. Through this arrangement, BCFP raised much of the necessary equity capital, acquired a guaranteed sales outlet and gained the expertise needed for its first venture into pulp.

This initial integration venture, however, was not without its pitfalls. As a result of having been awarded Forest Management Licence No. 22, the company became embroiled in the criminal prosecution of former Lands and Forests Minister R.E. Sommers on bribery and conspiracy charges. BCFP's President, H.G. Munro, died December 2, 1957, and Charles D. Dickey, Jr., who had been in charge of Scott's operation in Everett, but was devoting a significant portion of his time to the Crofton expansion, was elected President. Further, the Crofton mill incurred a capital cost overrun of almost $10 million, and was completed at a time when pulp market conditions were weak.

All of these developments put added strain on Argus, Scott and BCFP personnel, particularly M.W. McCutcheon of Argus. In the end, however, these problems were resolved satisfactorily. Of four charges laid by the Crown in the Sommers affair, the company was found not guilty of three and proceedings were stayed on the fourth. Further, by the end of 1958, the mill was close to running all-out.[100]

This collaboration also brought about the first significant change in share ownership. However, Argus remained a major shareholder along with Scott, with whom it exercised a dominant policy influence on the company's affairs. "It was Argus' philosophy...to be helpful, and [they] wanted only to become involved in major issues such as new financing," said Charles D. Dickey, Jr., former President of BCFP and a Director of Scott. "They wanted in no way to participate in the management of the

company. That was Scott's philosophy too.... BCFP operated through a management committee which met at least one morning a week. The principal objectives at that time were to improve the financial condition of the company by getting the pulp mill started up, to get pulp sales flowing on a regular basis in order to get cash coming in from that area of business, and to keep the sawmills going."[101]

"...The expansion...was the most important thing for the company," said Oscar Lundell, former Secretary of BCFP, and a Director since 1956. "BCFP would never have gone it alone.... [Scott] were expanding and wanting more sources of pulp. They felt it was a good deal to buy into the company up here and have that company construct a pulp mill.... The mill started up in late '57."[102]

In 1960, Scott sold its one million shares in BCFP to Brunswick Pulp and Paper Company (Brunswick), a company owned equally by Scott and The Mead Corporation (Mead), an international diversified manufacturer of pulp, paper, packaging, construction materials, interior furnishings and educational products.

Crofton Expansion

Plans were announced in 1961 for the expansion of the Crofton pulp mill as well as the construction of a 350-ton-per-day newsprint mill at the same location. When the $25 million newsprint project was approved, expansion of the pulping facilities at Crofton was already in progress.

In June 1964 the first newsprint mill was in production. The reception of BCFP's newsprint in world markets was excellent, and within a few months plans were announced to double newsprint capacity at Crofton. The company had realized its aim of becoming a fully-integrated forest products company, but it still did not have sufficient timberlands.

ALEXANDRA FOREST HOLDINGS LIMITED ESTABLISHED

As available timber on the coast was limited, BCFP, with the rest of the industry, looked to British Columbia's north central interior for further supplies. No large permanent sawmills existed there in the 1950's, but the area had enormous economic potential, being one of the last great unexploited timber stands in the western world. The British Columbia Railway had gone through Prince George and was destined for extension, a project for developing Peace River hydro power had begun and the B.C. government was planning the allocation of vast new timber supplies.

First contacts for a possible development in the area came through E.P. Taylor, who had discovered that the Swedish Wenner-Gren

Development Company had obtained, in 1956, a memorandum of intention from the provincial government covering both the forest and mineral resources of the Rocky Mountain Trench area. A subsidiary of Wenner-Gren, Alexandra Forest Industries Limited (AFI), had been formed in 1961 to deal with the forest resources as well as to harvest, in advance, timber from the areas to be flooded once the Peace River dam was completed.[103]

Accordingly, representatives of AFI approached BCFP, who in turn approached Mead and Argus, regarding a possible joint venture to develop the area. Feasibility studies for a pulp mill and a forest inventory were undertaken by BCFP in the fall of 1963. Alexandra Forest Holdings Limited (AFH) was established in 1964, and acquired all the outstanding shares of AFI in order that BCFP, along with Mead and Argus, could participate in AFI. BCFP acquired 500,000 shares (35%), Mead 200,000 shares, Argus 250,000 shares and the founding group, represented by Wenner-Gren, 400,002 shares.[104]

By 1966 it was apparent that the development was advantageous to BCFP, especially for timber supply and future expansion. Accordingly, BCFP acquired 100% ownership of AFH through a 1-for-4 share exchange in January 1967.[105] As a result, Argus received an additional 62,500 common shares of BCFP to bring its investment position to 462,500 common shares or a 13.3% interest. Mead received 50,000 shares of BCFP. By January 1, 1970, AFH and AFI ceased to be operating companies and their holdings became the Mackenzie division of BCFP.

NORANDA MINES LIMITED OFFER

In January 1969, Noranda Mines Limited (Noranda) made a public offer to purchase 400,000 common shares or a 10.7% interest in BCFP,[106] in exchange for one-half a share of Noranda plus $22.50 in cash. On the day prior to the announcement, the closing share prices of Noranda and BCFP were $35 and $31.25 respectively. The offer, therefore, was equivalent to $40 per BCFP share (not adjusted for a 2-for-1 stock split in 1973), a 28% premium.

Noranda had entered the forest products industry in 1961, when a subsidiary, Northwood Mills, had developed interests in the interior of British Columbia. In 1964, Noranda's management deemed it prudent to align itself with strong technical expertise and incorporated Northwood Pulp and Timber Limited as a joint venture with Mead, each with a 50% interest. Northwood Mills' interior B.C. interests were turned over to the new company.[107]

In the same year Northwood Pulp began construction on a 625-ton-per-day bleached sulphate pulp mill near Prince George, B.C., which was completed in 1966. Northwood Mills expanded its southern interests while Northwood Pulp rationalized its timber holdings.[108]

Following the announcement of the offer, T.N. Beaupré, then Chairman of BCFP, wrote to shareholders, "The directors and senior officers have not accepted and do not intend to accept the offer. Furthermore, Argus, which is and has been for many years, a major shareholder (500,000 common shares or 13.5%), recommends that the offer be rejected." Scott joined Argus in rejecting the offer.[109]

Noranda and Mead each owned 427,716 BCFP common shares (11.5%) which had been acquired in the open market prior to the offer. Mead also had a 50% indirect interest through Brunswick Pulp & Paper Company, a U.S. company, in 1,000,000 BCFP common shares (26.9%).

The $40 per share offer, substantially higher than the previous high for BCFP stock, was heavily oversubscribed. Noranda accepted the shares tendered, increasing its holdings by 646,983 to 1,074,699 shares, or a 28.8% interest.[110]

In addition, Noranda arranged for its holdings and those of Mead to be equalized, thereby increasing Mead's position in BCFP by 146,982 to 574,698 common shares, excluding Mead's share of the Brunswick holding.

Following the Noranda offer, the breakdown of major shareholders [111] in BCFP was as follows:

Argus Corporation Limited	500,000 shares	13.4% interest
Brunswick Pulp & Paper Company	1,000,000 shares	26.9% interest
The Mead Corporation	574,698 shares	15.5% interest
Noranda Mines Limited	1,074,699 shares	28.9% interest

At the next Annual General Meeting, none of the directors representing Argus, including E.P. Taylor, stood for re-election to the BCFP board. Noranda asked Taylor to remain on the board, but he declined.[112] Thus, after almost a quarter century of growth, Taylor and Argus were no longer an influence in the growth and development of BCFP.

In 1973, following a two-for-one stock split by BCFP, Argus sold half its investment position, reducing its interest to 500,000 shares or 6.6%.[113]

SUMMARY

E.P. Taylor and other Argus associates conceived and directed the formation of BCFP in 1946 and produced, during the next 23 years, one of Canada's largest integrated producers of forest products. When Noranda made its offer in January 1969, BCFP had increased its sales from an estimated $3.1 million to $125.4 million, earnings from $412,000 to $8.3 million and the number of employees from 1,700 to 4,100.

Taylor started BCFP with the acquisition of several sawmills, logging companies and timberlands. In 1955, he began BCFP's diversification when the company finally received a Forest Management Licence. With financial and marketing assistance from Scott Paper and Mead respectively, a 425-ton-per-day pulp mill was built and the pulp sold in world markets. Throughout this period Taylor directed the company to acquire more wood resources in the coastal area of British Columbia.

BCFP diversified further when it built a 350-ton-per-day newsprint plant in 1964, and joined Alexandra Forest Industries Limited in 1963 in a joint venture to develop British Columbia's north central interior. By 1966, the AFI development, which had been introduced to BCFP by Taylor, was acquired outright by the company. During this period, plans were also made to expand the existing pulp and newsprint facilities to meet increasing market demand for their products.

In the company's early years, Taylor, McCutcheon and Argus established BCFP's policy, maintained close financial supervision and negotiated its financing requirements. As the company matured, their role gradually diminished but remained an important influence until Noranda and Mead acquired control in 1969.

At December 31, 1975, Argus' profit, both realized and unrealized, on its BCFP investment, was an estimated $14.6 million.*

STANDARD BROADCASTING CORPORATION LIMITED**

HISTORY OF ARGUS CORPORATION'S ROLE

Origin

Argus purchased its original investment position in Standard Broadcasting Corporation Limited (STR) in 1946,[114] because the principals envisaged assembling a broad communications network that would participate in postwar economic growth. Investigations had indicated that the growth potential of the communications industry satisfied their investment goals and the company, whose main asset was Toronto's foremost radio station CFRB, appeared to be an excellent base on which to build. W.E. Phillips, J.A. McDougald and M.W. McCutcheon became Directors in 1947, and they were joined by A.B. Matthews and E.W. Bickle in the early 1950's.*** J.E. Rogers, who helped found the company, remained as President until his death in 1960.[115]

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* - See Table 9, p. 26.

** - See also Appendix A, pp. 135-36.

*** - See also Appendix E, pp. 205 ff.

Argus Investment

The Argus investment in Standard Broadcasting was shown under "Other securities having a quoted market value" for a number of years. By 1960, however, the market value of the investment was sufficiently large to list it separately: 107,499 common shares, or 49.9%. It was not until 1975 that it became known that the original position had been taken in 1946 and 1947, that the major portion of its holding was acquired at that time and that additional purchases had been made in 1952, by which time Argus owned substantially its present position. After giving effect to the 5-for-1 stock splits in 1962 and 1968, and the exercise of management options, Argus' interest is now 2,687,475 shares or 47.7%. [116]

EXPANSION PROGRAM

From 1946 through 1950, net advertising revenues for all media grew at an average annual rate of over 15%.[117] These results reinforced the positive attitude of the Argus principals toward the communications industry as a whole and encouraged them to expand into print.

Accordingly, when the Toronto Globe and Mail became available, following the death of George McCullagh in 1952, the Taylor, McDougald group* attempted to purchase the newspaper, but was outbid by R. Howard Webster.** Subsequently, in 1954, the group approached H.C. Hindmarsh to see if the trustees of the Toronto Star would consider selling the newspaper to outside interests. Negotiations proceeded favourably until Hindmarsh died, one day before the transaction was to be completed. The newspaper was eventually acquired by a group headed by Beland H. Honderich.***

STR suffered other setbacks in this period. In 1959, it, along with others, submitted an application for a licence to operate a private commercial television station in the Toronto area. This was the third such application made by the company, the first two having been made in 1938 and 1945 respectively. These applications were rejected (1) because of World War II and (2) because the company could not convince the Canadian government that television was an important communications medium in Canada. After a thorough review by the Board of Broadcast Governors (BBG), the 1959 application was also rejected, and the licence was awarded to a group headed by John Bassett, owner of the Toronto Telegram.[118]

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* - See Chapter 2, p.35.

** - See also Chapter 4, p. 88.

*** - See also ibid., p.89.

Late in 1960, STR made a cash offer to purchase all the outstanding shares of CJAD Ltd. of Montreal, Radio Time Sales (Quebec) Limited and Radio Time Sales (Ontario) Limited from Arthur Dupont, a private businessman. The offer was accepted by Dupont and approval was granted by the BBG, giving STR major radio stations in the two largest markets in Canada.[119]

The next ten years proved to be a period of rapid growth for the communications industry, and, within this context, STR's broadcasting operations performed well. The company's expansion and acquisition opportunities, however, were limited. STR received approvals from the BBG only to improve its broadcasting services in the Toronto and Montreal markets by introducing FM service to Toronto (CKFM) in 1961 and to Montreal (CJFM) a year later.[120] In 1967, STR made applications for the following: (1) a VHF television licence in Toronto; (2) a UHF television licence in Toronto; and (3) purchase of radio stations CHML and CKDS-FM in Hamilton for $3.5 million.[121] The company, in view of the delays in gaining approval from the Canadian Radio and Television Commission (CRTC, successor to the BBG) and increased costs associated with the project, decided to withdraw its application in 1970 for VHF and UHF television licences in Toronto. Also, the CRTC rejected STR's application to purchase CHML and CKDS-FM to avoid the problem of media concentration in the Toronto-Hamilton area.[122] As a result of these decisions and the company's apparent inability or unwillingness to expand into other markets (e.g., Vancouver, Calgary, Edmonton and Winnipeg), STR began to lose its dominant position in the broadcasting industry to firms such as CHUM, Selkirk Holdings and Western Broadcasting, which expanded aggressively throughout this period.*

In 1971, STR registered two subsidiary companies in the United Kingdom to participate in the growth of commercial radio in that country. This investment was increased in 1974 and again in 1975.[123]

In 1972, management made another attempt to increase its investment in the broadcasting industry in Canada when it made application to the CRTC to purchase a minority interest in radio station CKOY Limited in Ottawa. The CKOY directors, however, informed Standard Broadcasting that, as a private company, the Board would not approve the transfer of the shares to Standard. Accordingly, Standard withdrew its application to the CRTC in that year.[124]

Bushnell Communications
<u>Limited Acquisition</u>

In 1973, STR assumed an option to purchase 51% to 55% of Bushnell Communications Limited through the purchase of Bushnell

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* - See Chapter 5,pp. 105-106, and Appendix B, p. 163.

stock at $15 per share. However, after reviewing Bushnell's financial position thoroughly, management terminated the option.[125]

In 1974, however, STR gained a second opportunity to purchase control of Bushnell when the CRTC ordered Western Broadcasting, which owned the controlling block of stock, to dispose of its holding. STR submitted an application, which was approved by the CRTC on March 13, 1975, and purchased 894,802 or 52% of the outstanding common shares for $10.00 per share for a total consideration of $8,948,020. Bushnell, the largest acquisition ever made by STR, operates CJOH-TV in Ottawa and produces television programs for network release and general syndication.[126]

At its annual meeting held February 12, 1976, Bushnell announced it had switched (1) its insurance business from an Ottawa agent to Toronto-based Tomenson Saunders Whitehead Limited,* which handles the insurance business world-wide for STR, and (2) its national sales effort to Standard Broadcast Sales Company Limited, a wholly owned subsidiary of STR.[127]

SUMMARY

In terms of return on invested capital,** STR has become the most profitable broadcasting company in the industry, despite rejection on numerous occasions by the BBG and the CRTC of its applications to expand, diversify or acquire communications properties.

In the 1950's, STR's failure to expand was due in large part to extraordinary circumstances, particularly the frustration of attempts by individuals associated with Taylor, McDougald to acquire two Toronto newspapers. In the 1960's as other broadcasting companies moved aggressively to acquire communications properties across the country, STR was frustrated by adverse regulatory decisions in its attempts to expand in the concentrated Toronto/Hamilton and Montreal markets. In the 1970's however, the CRTC approved the purchase of control of Bushnell, giving STR its first major broadcasting acquisition.

At December 31, 1975, Argus' unrealized gain on its STR investment was an estimated $18.8 million.***

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* - See Chapter 2, p. 39.

** - See also Chapter 5, p. 105, and Appendix B, p. 163.

*** - See Table 9, p. 27.

HOLLINGER MINES LIMITED*

HISTORY OF ARGUS CORPORATION'S ROLE

Origin

Hollinger Mines Limited (HOL), once a major factor in the gold mining industry, is now a resource investment company, the main assets of which are: (1) the rights to several billion tons of iron ore on the Labrador-Quebec border, held through its 60% interests in Labrador Mining and Exploration Company Limited and Hollinger North Shore Exploration Limited; (2) a 10.7% interest in Noranda Mines Limited; and (3) a 12.1% equity interest in Iron Ore Company of Canada.[128]

Argus acquired its initial investment of 250,000 shares of HOL at $28.50 per share ($7,125,000) from Taymac Investments Limited (the price Taymac paid was not revealed) as per an agreement dated August 24, 1961. Taymac Investments,** incorporated on May 27, 1960, was a company formed by the Taylor, McDougald group.[129]

J.A. McDougald, a director of HOL since 1950, was convinced that the company had good growth potential and persuaded E.P. Taylor, W.E. Phillips and M.W. McCutcheon to form Taymac Investments Limited in 1960 in order to purchase 250,000 shares of HOL, which the N.A. Timmins Corporation intended to sell to Gilbert W. Humphrey, President and Chairman of the Hanna Mining Company of Cleveland, Ohio (a major partner in many of the HOL projects). McDougald's initiative prevented Humphrey from acquiring the shares and thereby kept control of HOL in Canada.[130]

> [McDougald] recognized the longer-term investment potential of the large iron ore complex that Hollinger and its U.S. associates in the Iron Ore Company had built in the Quebec-Labrador area. At the time of the first acquisition, the reported earnings of Hollinger (1961) were relatively modest (78¢ per share). However, it was thought that over a 5-10 year period, when a substantial amount of the debt securities that financed most of the Iron Ore facilities was retired, earnings (including royalties on the ore extracted) would increase substantially and permit [increased] dividends on the Hollinger shares, which would provide a satisfactory return on the original investment.[131]

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* - See also Appendix A, pp. 137-43.

** - See Chapter 2, pp. 35,39.

McDougald, who became a Vice-President in 1964, was joined on the Board of Directors by McCutcheon (1961), M.C.G. Meighen and Phillips (1962) and A.B. Matthews (1971). The previous management group continued to operate the company without any apparent change in policy.[132]

Argus Investment

Through direct purchases from the N.A. Timmins Corporation, Argus increased its holding of HOL to 426,150 shares (8.7%) by August 31, 1961, to 500,000 shares by November 30, 1961, to 550,000 shares by July 31, 1962, and to 640,000 shares (13%) by November 30, 1962. During the period 1963-75 Argus increased its investment position to 1,050,000 shares (21.3%) through the purchase in the open market of 60,000 shares in 1963 at between $29.50 and $20.625; 100,000 shares in 1966 at between $28.125 and $23.625; 100,000 shares in 1968 at between $35.00 and $30.625; 100,000 shares in 1969 at between $36.25 and $32.00; 25,000 shares in 1973 at between $50.00 and $46.00; 17,000 shares in 1974 at between $47.00 and $33.875; and 8,000 shares in 1975 at between $31.50 and $26.75.[133]

Initial Financing

Argus' initial purchase of 250,000 shares of HOL was financed by a bank loan, repaid through the sale of 200,000 $2.60 cumulative preference shares ($50 par value) in September 1961, underwritten by a group managed by W.C. Pitfield & Company Limited.[134] The balance of the cash raised ($2,080,000) was used for general corporate purposes.

The additional share purchases in 1961 and 1962 were also financed by a bank loan, repaid at the time of the sale of 300,000 $2.70 cumulative class B preference shares ($50 par value), 1962 series, in July 1962, underwritten by a group managed by W.C. Pitfield & Company Limited. As specified in the prospectus, the net proceeds were used (1) to retire the bank debt of $8,530,000 incurred in connection with the retirement of $7,500,000 aggregate principal amount of 3½% secured notes, series B, which matured on July 1, 1962, and the purchase of additional HOL shares for $1,030,000 and (2) for general corporate purposes ($5,825,000).[135]

MAJOR INVESTMENTS

Introduction

HOL, founded by Noah A. Timmins, L. Henry Timmins, John McMartin, Duncan McMartin and David Dunlap, was incorporated on June 28, 1910. For many years the company concentrated on gold extraction, and by the time its Hollinger Mines closed in 1968, that mine had yielded more than 19 million ounces of gold, worth approximately $600 million.[136]

Following the death of Noah A. Timmins in 1936, the new President, Jules R. Timmins, son of L. Henry Timmins, initiated a diversification program.[137]

Labrador Mining and Exploration Company Limited

In 1942, HOL acquired, through a cash offer to shareholders, 51% of Labrador Mining & Exploration Company Limited* (Labrador Mining), which held exploration rights from the government of Newfoundland covering 20,000 square miles in Labrador.[138] Subsequently, HOL acquired additional shares raising its investment position to 60.7%.[139]

The existence of iron ore in the Labrador Trough had been known for more than a century before it assumed economic value. Exploration continued through the early 1940's and by late in the decade the parties had established the existence of about 400 million tons of direct shipping ore in the Schefferville area of Quebec. While this disclosure created speculative interest in the new iron ore industry, there were obstacles. The deposits straddled the Newfoundland-Quebec border, approximately 360 miles north of Sept Iles and 350 miles east of Quebec City. To put the property into production required building a railway, port facilities and living accommodations and obtaining mining equipment and supplies, all at an estimated capital cost of hundreds of millions of dollars.

HOL tried to raise the necessary capital in Canada, but the remoteness of the project, the capital cost and the highly speculative nature of the project exceeded the capacity of Canadian investors. Eventually, the Hanna Mining Company of Cleveland, Ohio, a 40% partner in Hollinger North Shore Exploration Company, found five ore-consuming partners (eventually six) prepared to form the Iron Ore Company of Canada (in 1949) to conduct mining operations and to build the Quebec North Shore & Labrador Railway.[140]

The project, as originally conceived, was based on the mining of direct shipping ore (54% iron content) from the Schefferville area. Subsequent research, however, produced techniques to beneficiate low-grade iron ore to produce high-grade concentrate and pellets that improved blast furnace efficiency. This technological breakthrough gave economic value to the iron ore deposits found at Labrador City by Labrador Mining and allowed the Iron Ore Company of Canada to enter the pellet business in the early 1960's.

Labrador Mining has subleased* to the Iron Ore Company of Canada certain interests in the iron ore and specialties contained in 155 square miles in the Schefferville-Knob Lake area, and 95 square miles in the Wabush-Carol Lake area.[141]

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* - See Appendix A, pp. 140-41.

The terms of the lease are discussed later in this chapter under the heading "Income Analysis" (page 82).

Hollinger North Shore Exploration Company, Limited

In 1942, HOL, in a 60/40 partnership with the Hanna Mining Company, formed Hollinger North Shore Exploration Company, Limited (No Personal Liability)* to acquire a long-term lease in the Quebec area of the Trough adjoining Labrador Mining's lands covering 300 square miles. In 1953, Hollinger North Shore subleased certain interests in the iron ore and specialties contained in 250 square miles to the Iron Ore Company of Canada.[142] The terms of the lease are discussed under the heading "Income Analysis" (page 82).

Iron Ore Company of Canada

As related above, the Iron Ore Company of Canada (IOC)** was formed in 1949 to develop and mine iron ore deposits in the Ungava district of Quebec and Labrador. Production began in 1954 from the Knob Lake deposits and in 1962 from the Wabush-Carol Lake deposits.[143]

The ownership of IOC is given in Table 15. In 1949, in exchange for granting exploration rights to the concessions on which the deposits are located, Hollinger North Shore and Labrador Mining received 300,000 and 200,000 IOC shares respectively. These positions were subsequently increased, through the purchase of new share offerings, to 520,000 and 394,078 shares.[144]

Table 15

OWNERSHIP OF IRON ORE COMPANY OF CANADA, 1975

Company	Percentage Ownership	Number of Shares Held
The Hanna Mining Company	27.14	2,781,013
Bethlehem Steel Corporation	19.61	2,010,131
National Steel Corporation	18.39	1,884,323
Hollinger Mines Limited	8.27	847,273
The Youngstown Sheet and Tube Co.	6.09	623,635
Republic Steel Corporation	6.09	623,635
Armco Steel Corporation	5.87	601,682
Wheeling-Pittsburgh Steel Corp.	4.70	481,419
Labrador Mining and Exploration	3.84	394,078
Total	100.00	10,247,190

Source: Financial Post Corporation Service.

* - See Appendix A, pp. 139-40.
** - See Appendix A, pp. 141-43.

HOL's equity investment in IOC was increased in 1962, when Hollinger North Shore paid out its entire holding as a dividend to its shareholders, thereby increasing the company's position by 312,000 to 745,333.33 shares. Subsequent purchases, prompted by IOC's need to raise additional equity, have increased HOL's total holding to 847,273 shares.[145]

The capital cost of IOC's major projects has been close to $950 million.[146]

Noranda Mines Limited

At November 30, 1975, Hollinger owned 1,801,520 or 7.4% of the common shares of Noranda Mines Limited. In addition, Labrador Mining, 60.7%-owned by Hollinger, owned 815,310, or 3.3%, of the common shares of Noranda.[147] HOL's interest in 10.7% of Noranda's common shares is believed to constitute the largest holding in that company.

Hollinger's initial investment in Noranda of 35,000 shares (now 280,000 shares adjusted for 2-for-1 stock splits in 1955, 1962 and 1968) resulted from dealings among HOL, its principals and Noranda in the 1920's.[148] In 1962, HOL announced that it had added significantly to its investment position in Noranda. Although the exact size of its holding was not revealed until 1968, it was estimated that HOL had acquired approximately 540,000 (1,080,000 shares adjusted for 2-for-1 stock split in 1968), or 9%, of Noranda's common shares from the N.A. Timmins Corporation, which liquidated its total interest.[149] From 1962 to 1975, Hollinger added to its Noranda holding by purchasing an additional 481,520 shares on the open market.[150]

The second-largest shareholder in Noranda is Kerr Addison Mines Limited with 6.5% or 1,600,000 shares; Kerr, in turn, is 43%-owned by Noranda.[151] Kerr's position in Noranda, revealed for the first time in Kerr's 1973 Annual Report, was accumulated when Kerr acquired companies that had holdings in Noranda and through open-market purchases. Although the reason underlying Kerr's accumulation of the Noranda shares is not known, it has been suggested that the action was prompted to counter the purchases by HOL and Labrador Mining.

Whatever the initial motivations influencing Hollinger's acquisition of its major position in Noranda, it is believed that the company's attitude now is only that of a passive investor. Further, while at the outset there was some overlap between the HOL and Noranda Boards of Directors, no individual has sat on the Boards of Directors of both HOL and Noranda for several years, and there is no evidence of any attempt by either Argus or HOL to influence the affairs of Noranda since 1962.[152]

When HOL announced, in 1962, that it had added significantly to its investment position in Noranda, J.R. Timmins and J.Y. Murdock were on both the HOL and Noranda Boards. They have not been replaced by a fellow HOL or Noranda director on their death or resignation, although L.H. Timmins is an Honourary Director of Noranda. Argus, meanwhile, has not had a representative on the Noranda Board since 1962.[153]

On the other hand, the interface between the Boards of Directors of Kerr and Noranda has been increased. Originally, J.Y. Murdoch, H.L. Roscoe and F.M. Connell sat on both Boards of Directors. In 1975, A. Powis, William James and W.S. Row sat on both Boards of Directors and, in addition, J.O. Hinds and D.E.G. Schmitt, officers of Noranda, sat on the Kerr Board.[154]

INCOME ANALYSIS[155]

HOL's four major sources of income are revenues from royalties on iron ore and from gold and silver production, income from its share of the earnings of IOC, dividends and interest. Revenues and other income for the years 1965, 1970 and 1974 are summarized in Table 16.*

Table 16

HOLLINGER MINES LIMITED

REVENUES AND OTHER INCOME, 1965, 1970 AND 1974
(Millions of Dollars)

Source of Income	1965	1970	1974
Royalties on iron ore	9.9	14.4	19.7
Gold and silver production	10.5	0.8	2.7
Share of IOC (loss) earnings	-	6.7	(7.0)
Dividends	5.3	3.4	5.2
Interest	0.7	2.3	2.9
Sundry	0.9	0.6	0.5
Total	27.3	28.2	24.0

Source: HOL, Annual Reports.

HOL consolidates its chief subsidiaries, Labrador Mining and Hollinger North Shore, and commencing in 1970, adopted the equity accounting method to reflect its share of the earnings of IOC. Income from Noranda is included in the form of dividends.

A royalty of 7% of the f.o.b. price at Sept Iles on direct shipping ores and concentrates is payable to Labrador Mining and Hollinger North Shore, while on pellets the royalty is 5% of the f.o.b. price. Royalties, therefore, are a function of grade of concentrate and pellets and shipments from Sept Iles.

* - See also Appendix B, p. 167.

The company's gold operations received a new lease on life when the federal government, in June 1962, extended the Emergency Gold Mining Assistance Act until June 30, 1976. Although HOL does not qualify for payments under the Act so long as it sells all its gold production on the free market, the extension has served to establish a higher floor price and thereby a new base for planning future operations.

HOL adopted the equity accounting method of including in income its proportionate share of the earnings of IOC, instead of dividends received, in 1971. Technological difficulties, higher operating costs and a continuing shortage of skilled personnel accounted for HOL's share of IOC's 1974 loss, i.e. to $7.0 million. In recent months, however, these problems have largely been resolved and the company expects substantially improved results from IOC in the years ahead.

Dividends, which totalled $5.2 million in 1974, are derived from (1) its holdings in Noranda (dividends totalled $4.7 million), and (2) other investments (dividends totalled $510,000).

Interest income, which amounted to $2.9 million in 1974, is derived from (1) debentures held in IOC (1974 total $360,915) and (2) short-term deposits, which totalled $33.7 million at December 31, 1974.

In total, 1974 proved to be a difficult year for HOL, in view of IOC's significant loss, as the company reported net profit of only $7.1 million. However, it is interesting to note that net income increased from $3.8 million in 1961 to $13.0 million in 1970, the year before equity accounting was introduced, and averaged $9.5 million for the ten years ended 1970. From 1971 through 1974, net income varied between $7.1 million and $12.2 million and averaged $9.6 million. With the resolution of the problems discussed earlier, HOL appears on the threshold of major earnings advances.

BALANCE SHEET ANALYSIS[156]

In spite of a relatively liberal dividend policy (dividends increased from $0.60 per share in 1960 to $1.60 per share in 1974), net working capital and common shareholders' equity have increased steadily. For the years ended December 31, 1964 and 1974, growth was as follows: net working capital increased from $18.4 million to $45.3 million; common shareholders' equity increased from $74.2 million to $108.3 million.

Of particular interest is the increase in cash and short-term deposits, which, despite increases in the investments account, have grown from $17.6 million to $33.7 million, equivalent to an average growth rate of 6.7%.

Also of note, particularly at the recent (October 1976) depressed price of about $35 (record high $59.375 in 1973) for Noranda shares, is the effect of the market value of that investment on the shareholders' equity value per common share. Each $1.00 change in the market value of Noranda's shares equals $0.37 in HOL's shareholder's equity value per common share.

CONCLUSION

The acquisition by Taymac Investments of 250,000 shares of HOL in 1960 in all probability prevented the progressive transfer of control of this company from Canada to the United States. In addition, McDougald's expectations regarding HOL's dividend potential have been realized.

Beyond that, Directors' designs for the company are not clear. It may be that one broad conception, for a diversified resource-based Canadian conglomerate, was frustrated by the apparently defensive measures adopted by Noranda through Kerr in the 1968-73 period.

On the other hand, in an operational sense, HOL has not been otherwise inactive. As noted in previous sections, the company has been deeply involved in massive developments while substantially improving its equity, asset, investment and cash bases. It continues an active program of prospecting and exploration for minerals with an annual exploration budget approximating $100,000,000 in recent years. Further, dividends have increased substantially and appear to be on the threshold of new advances.

Of particular significance at this point are the company's plans for the application of its liquid assets, which at December 31, 1974, including the Noranda shares at the market value of $28.75 totalled $109.5 million. This, combined with the company's casn throw-off and its capacity for leverage, puts HOL in a unique position to expand or diversify.

Any indication of the company's intentions, however, has been limited to the following statement contained in the 1974 Annual Report: "it would be better in future to invest surplus funds not required for mining operations in other diversified investments."

CHAPTER 4

UNREALIZED INITIATIVES

In this chapter we look at certain divestitures and unsuccessful acquisition attempts of Argus Corporation Limited, particularly those in connection with (1) food companies and (2) newspapers.

FOOD COMPANIES

Argus acquired major investment positions in both Orange Crush Limited and Canadian Food Products Limited from Canadian Industrial Investments Limited and Invesco Limited on November 21, 1945.* The plans for both companies were modelled on the Canadian Breweries formula and both were intended to become dominant holding companies in their respective industries. However, after several years of low profit margins and inadequate income, the investments were sold to interests represented by J. William Horsey.

ORANGE CRUSH LIMITED

Orange Crush Limited was incorporated in 1927 to acquire three soft drink companies and the exclusive rights to manufacture and distribute in Canada Orange Crush and other beverages in concentrated or bottle form.[1]

In the early 1930's cola products were introduced and the resultant competition forced Orange Crush from its dominant market position and created financial problems. The company's share price plummeted to 15¢ in 1934, after having traded at $25.00 in 1928. Taylor then purchased control for $43,000 cash, with the intention of integrating Orange Crush with the ginger ale companies he had acquired along with his breweries.[2]

The financial problems persisted, however, and in 1936 Taylor had to reorganize the capital structure of the company in order to eliminate the dividend arrears on the preference shares and to write off the accumulated deficit.[3]

With an improved financial position, Orange Crush began rationalization of the Canadian soft drink industry. Between 1940 and 1946 the company acquired six soft drink companies and the rights to bottle and distribute Hires Root Beer in Canada, and it exercised its options to acquire the balance of the shares it did not already own of Orange Crush (Western) Limited and Orange Crush (B.C.) Limited.[4]

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* - See Chapter 1, pp. 11, 13.

In November 1945, Taylor and his Argus associates exchanged 25,000 common and 5,000 preference shares of Orange Crush for shares in Argus. The following year Argus acquired 47,000 additional common shares and exchanged its 5,000 preference shares for 4,000 common shares, to hold a total of 76,000 common shares, or 30.4%.[5]

Beverages International Inc., a holding company, was incorporated under the laws of the State of Delaware in 1946 as a wholly owned subsidiary to acquire for $5,017,429 76% (8,136) of the common shares of Orange Crush Company, which controlled the rights and trademarks associated with the beverage and other soft drinks in the United States, Canada and more than 75 other countries.[6]

Taylor's successful rationalization program and the advantage of a large sugar ration during World War II caused the company's earnings to increase 650% and the price of Orange Crush common stock to climb from 50¢ to $28.00 between 1943 and 1946. The increased competition created by the removal of sugar rationing in 1946, however, brought new financial difficulties which necessitated the infusion of outside capital from 1945 to 1948. Argus acquired a further 125,000 shares at the time of the 1948 rights offering as the result of a previous agreement, and sold 2,650 shares, raising its interest to 45%, or 198,350 common shares.[7]

When Orange Crush reported a 1948 loss of $513,982, Argus management summoned John M. Thompson, son-in-law of Orange Crush President J. William Horsey, to save the company from bankruptcy. Over the next few years, Thompson sold plants in Toronto, London and Ottawa, closed others in Brantford and St. Catherines, released redundant plant personnel in Montreal and Toronto, dismissed ineffective management, authorized heavy advertising expenditures and introduced a new bottle.[8]

Although Thompson's initial moves produced a profit in 1949, the company continued to encounter financial difficulties through the early 1950's. Thompson's efforts, however, ultimately proved successful, and by 1959 Orange Crush reported a $400,000 profit.[9]

Notwithstanding the improved profit performance, Argus concluded that the company was unlikely to satisfy its longer-term growth objectives and disposed of its holdings in July 1959 to interests represented by J. William Horsey for an estimated $1.5 million.[10]

We estimate that Argus realized a net loss of $700,000 on the sale of its investment position in Orange Crush.[11]

CANADIAN FOOD PRODUCTS LIMITED

Shortly after Taylor had acquired a controlling interest in Orange Crush in 1934, the President of its 65%-owned subsidiary,

Honey Dew Limited, died and Taylor became president.[12] Honey Dew had been incorporated February 11, 1928, to purchase the assets of a private firm established in 1914 to develop an orange-flavoured drink.[13] After Taylor had acquired Orange Crush, he established Honey Dew as a separate entity and the base of his food-service operations.[14]

In May 1939, Taylor reorganized the capital structure of Honey Dew in order to eliminate the dividend arrears on the preference shares. As a result, Orange Crush no longer owned a majority of the shares.[15]

Taylor began rationalization of the food-service industry in the early 1940's.[16] Honey Dew acquired for cash 100% of Industrial Food Services Limited,[17] and 83.3% (72,901 shares) of Honey Dew Western Limited. Honey Dew was reorganized into a holding company, changing its name to Canadian Food Products Limited (Canadian Food) and making Honey Dew a subsidiary of the new company.[18] In November 1945, Taylor and his Argus associates exchanged 30,680 Class A and 49,700 common shares of Canadian Food for common shares in Argus. During the following year, Argus reduced its Class A interest to 30,100 shares (30.1%) and its common interest to 46,000 shares (23.0%).[19]

After World War II, Taylor extended his western base by acquiring two bakeries and 22 retail bakery shops in Vancouver and New Westminster. He also acquired a chocolate-manufacturing company and signed an agreement to sell Swiss chocolate products in Canada.[20] By 1950, Canadian Food had 38 Honey Dew outlets located primarily in Montreal, Toronto and Vancouver, had acquired 22 restaurants as well as cafeterias in Toronto (4), Hamilton (1), London (1), Winnipeg (10), Calgary (4), Regina (1) and Edmonton (1), 4 bakeries, 63 retail bakery shops including Women's Bakery Limited in Toronto (4) and Vancouver (23) and 29 locations providing institutional and industrial feeding and catering facilities.[21]

The rationalization program continued in the 1950's. Canadian Food acquired Hunt's, a 40-store Ontario chain of retail candy, ice cream and bakery-product shops, in 1953 and five restaurants in Montreal, Toronto, Winnipeg and Calgary in 1956. As well it expanded its bakery operations, opening self-service and staffed outlets in departments of major supermarkets and shopping centres and supplying them with quality delicatessen products.[22] It also initiated an expansion program to service offices and factories directly and through vending machines with tea, coffee and sandwiches.[23]

However, slow sales growth, low profit margins and unsatisfactory net-income levels persisted throughout the 1950's and necessitated the sale of the company's operations and an internal reorganization in 1959.[24] In spite of this action, the company recorded a loss the following year. As a result, Argus sold

its interest in 1960 in a 1-for-2 common share exchange to Salada-Shirriff-Horsey Limited. Argus subsequently sold its Salada shares for an estimated $1.2 million.[25]

We estimate that Argus realized a nominal gain of approximately $25,000 on the sale of its investment position in Canadian Food Products.[26]

NEWSPAPERS

In the mid-1950's, individuals associated with the Taylor, McDougald group attempted unsuccessfully to acquire the Toronto Globe and Mail and the Toronto Star newspapers in the mid-1950's in order to create a communications network, using Standard Broadcasting Limited as a base.*

GLOBE AND MAIL

Ownership of the Globe and Mail became available following the death of George McCullagh[27] on August 5, 1952. The Argus principals set up a separate company and submitted a bid before the required deadline of February 10, 1955.

Earnings of the Globe and Mail had averaged $300,000 between 1944 and 1953 and in 1954 approximated $600,000. The Taylor, McDougald group raised its planned bid of approximately $7-$8 million when it learned that among the bidders were Lord Beaverbrook (owner of the British Daily Express and other newspapers), Roy H. Thomson (owner of newspapers in the United Kingdom, Canada and the United States), The Southam Company Limited (a family-owned chain of Canadian newspapers), and Knight Newspapers Incorporated (a family-owned chain of newspapers).

Days before the bids were required, Taylor learned from a fellow Director on the Dominion Tar and Chemical Company Board, Colin W. Webster, that his associates' interest was known. Webster advised Taylor that his brother intended to submit a bid also. As a consequence, the Taylor, McDougald group increased its bid to $10,850,000. The Globe and Mail was finally purchased by R. Howard Webster[28] for $10,950,000.

TORONTO STAR

The Taylor, McDougald group continued to pursue its objective of acquiring a major Canadian daily newspaper and a bid for the Toronto Star was prepared. The Star, with the largest circulation of any daily newspaper in Canada, ranked tenth among North American evening newspapers.[29] Fleet Street Publishers Limited was incorporated for the purpose of submitting the bid on behalf of the group.

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* - See Chapter 3, p.74.

Control of the paper and its subsidiaries was held by the estate of Joseph E. Atkinson,[30] publisher[31] since Sir Wilfrid Laurier persuaded sympathetic businessmen[32] to purchase the paper in 1889. Atkinson died in 1948 and his will[33] established a charitable foundation to own the newspaper, expressing the desire that ownership and operation of the newspaper should not fall into private hands, but rather that direction in perpetuity be provided by trustees devoted to the public good, not governed by the profit motive.

Subsequently, the Charitable Gifts Act of Ontario[34] made it impossible for business operations to be carried on by companies controlled by charitable foundations. The trustees[35] were split as to the appropriate response to this development, but throughout the seven-year period set by the government for divestiture, no action was taken.

Private negotiations did occur,[36] however, and three groups emerged as bidders: the Taylor, McDougald group's Fleet Street Publishers; a group of newspaper reporters and editors headed by B.A. Griffis, budget controller for the Toronto Star; and, a group (later known as the Hawthorn Publishing Company) of six senior newspaper executives headed by Beland H. Honderich, editor-in-chief of the Toronto Star.[37]

On December 19, 1956, Harry C. Hindmarsh, a trustee, met with John A. McDougald and informed him that with the resignations earlier that day of dissenting directors and trustees, Fleet Street Publishers would be the new owner of the Toronto newspaper. A meeting was arranged for the following day to prepare the necessary documents. However, Hindmarsh died of a heart attack that evening.

Throughout 1957, provincial government pressure was applied to force the trustees to sell. On January 24, 1958, the five trustees[38] announced they would seek the approval of the Supreme Court to buy the Star newspapers, as provided under the Charitable Gifts Act.[39]

On March 23, 1958, their application was heard by Mr. Justice J.L. McLennan. The public trustee approved of the application, and, after hearing evidence that the bid of the trustees was at least equal to a fair valuation of the properties, the court authorized the purchase of the properties by the trustees for considerations totalling $25,551,021.[40]

CHAPTER 5

GROWTH AND FINANCIAL PERFORMANCE

The principal founders of Argus were convinced in 1945 that the end of World War II signalled a further major Canadian advancement from an agrarian and resource-based extraction economy to an industrialized society. Although their confidence was somewhat unique at the time, examination of Argus' 30-year record proves the correctness of their position.

GENERAL ECONOMIC EVALUATION

From 1945 to 1975, revenues of companies in the Argus portfolio generally grew faster than the Gross National Product in both constant and current dollars. As can be seen in Table 17, the average annual growth rate in revenues of the Argus group of companies significantly outdistanced GNP growth in both current and constant dollars from 1945 to 1955, slowed dramatically from 1955 to 1965, and improved only slightly in the past nine years. The Argus group of companies enjoyed great success in the 15 years following World War II. As the industry rationalization programs ended, however, and as individual companies moved into more mature stages of development, the growth rates of these companies settled at more normal levels.

The overall growth rate in corporate profits has also followed the pattern of the growth rate in current dollar GNP since 1945. Over the same period, the average annual growth in profit by the Argus group of companies generally exceeded overall corporate growth in profit from 1945 to 1955, slowed in several instances from 1955 to 1965 and deteriorated further in the past nine years (see Table 18). In summary, as individual companies matured, the opportunity for sizable profit growth diminished.

Argus provided two important ingredients to the success of its holdings: (1) the confidence and willingness to invest the capital required to grow; and (2) accessibility to that capital. Generally speaking, the thrust to invest was provided by the principals of Argus, with their expansionist philosophy and access to external capital sources. Management was expected to contribute, from an efficient operation, adequate funds generated internally to provide shareholders with a reasonable yield, while limiting external requirements to manageable levels.

An analysis of Table 19, which relates the average annual growth rate of business capital formation (excluding housing) in Canada to that for each individual company from 1945 to 1974, shows that total business capital formation in Canada proceeded at a rapid rate from 1945 to 1955 with the industrialization of

Table 17

COMPANIES IN ARGUS PORTFOLIO

REVENUES, 1945-74

AVERAGE ANNUAL PERCENTAGE GROWTH (DECLINE)

AS COMPARED WITH GNP

	Average Annual Percentage Growth (Decline)				
	1945-55	1955-65	1965-74	1945-60	1960-74
GNP: Dollars					
Constant (1971)	4.2	4.8	5.0	4.1	4.9
Current	9.2	6.9	10.9	8.1	9.7
Company*					
Canadian Breweries	15.5	6.0	(1.7)[a]	13.2	1.4[a]
B.C. Forest Products	10.9[b]	9.4	13.4	9.3[b]	12.9
Dominion Stores	18.2	12.0	13.0	18.8	10.1
Hollinger Mines	-	15.9[c]	2.9	-	6.8[c]
Massey-Ferguson	19.8	7.3	10.1	14.6	9.7
Standard Broadcasting	-	21.9[d]	10.8	-	14.7

* - Fuller financial details may be found in Appendix B, pp.

Notes:

a. Sold in 1968. From 1965 to 1968 revenues declined 5%.
b. 1947 first full year of operations; therefore 1947 is the base year.
c. Interest acquired in 1961; therefore 1961 is the base year.
d. Revenues were not reported until 1960; therefore 1960 is the base year.

Sources: Annual Reports and Statistics Canada.

Table 18

COMPANIES IN ARGUS PORTFOLIO

CORPORATE PROFITS, 1945-74

Corporate Profits	Average Annual Percentage Growth (Decline)				
	1945-55	1955-65	1965-74	1945-60	1960-74
Canada					
Current* dollars	10.8	6.1	12.6	7.9	10.9
Company					
Canadian Breweries	15.5	0.7	3.4[a]	12.0	1.7[a]
B.C. Forest Products	4.5[b]	3.9	16.3	3.6[b]	12.4
Dominion Stores	20.8	14.1	3.1	19.5	5.9
Hollinger Mines	-	25.8[c]	(3.1)	-	4.9[c]
Massey-Ferguson	21.8	11.7	7.1	14.0	12.5
Standard Broadcasting	-	34.0[d]	10.9	-	18.7

* - Available only in current dollars.

Notes:
a. Sold in 1968. From 1965 to 1968 revenues declined 5%.
b. 1947 first full year of operations; therefore 1947 is the base year.
c. Interest acquired in 1961; therefore 1961 is the base year.
d. Revenues were not reported until 1960; therefore 1960 is the base year.

Sources: Annual Reports and Statistics Canada.

the economy. From 1955 to 1974 this rate slowed, however, and the dynamic growth shifted from the capital-intensive sectors to the service sectors. Over the same period, capital formation in the Argus group of companies generally expanded in line with total business capital formation in Canada from 1945 to 1955, exceeded it through 1960 and moved at a rate in line with it from 1960 to 1974. This pattern of growth in the Argus group of companies reflects the degree of maturity and market penetration reached by certain of the companies, notably Canadian Breweries, and the completion of the original industry rationalization programs. As the original concept faded, the need to accumulate capital became less pressing, since opportunities had shifted to areas not incorporated in the founders' original vision.

Table 19

COMPANIES IN ARGUS PORTFOLIO

BUSINESS CAPITAL FORMATION, 1945-74

Business Capital Formation*	Average Annual Percentage Growth (Decline)				
	1945-55	1955-65	1965-74	1945-60	1960-74
Canada					
Constant dollars (1971)	12.1	5.7	5.4	9.5	5.9
Current dollars	17.9	8.2	10.5	14.0	10.2
Company					
Canadian Breweries	13.0	13.3	(4.7) [a]	13.7	2.2 [a]
B.C. Forest Products	10.0 [b]	13.4	8.4	14.2 [b]	10.3
Dominion Stores	25.5	6.9	4.1	18.9	7.2
Hollinger Mines	-	4.1 [c]	3.9	-	4.0 [c]
Massey-Ferguson	16.6	9.6	6.8	15.6	8.0
Standard Broadcasting	-	31.5 [d]	12.2	-	17.3 [d]

* - Includes long-term debt, deferred taxes, and shareholders' equity; excludes housing.

Notes: a. Sold in 1968. From 1965 to 1968 revenues declined 5%.
b. 1947 first full year of operations; therefore 1947 is the base year.
c. Interest acquired in 1961; therefore 1961 is the base year.
d. Revenues were not reported until 1960; therefore 1960 is the base year.

Sources: Annual Reports and Statistics Canada.

Finally, the strong leadership and direction provided by the principals following World War II resulted in enhanced employment opportunities for many Canadians (see Table 20). As the Argus group of companies developed, employee levels increased at an average annual rate of 4.4%, against a total labour force figure of 2.6%. While, to some extent, the 4.4% figure is overstated by employees added through subsidiary acquisitions, the data available does not permit the formulation of a job-creation statistic. Nevertheless, analysis does indicate that Argus-influenced job formations significantly exceeded national levels.

Table 20

COMPANIES IN ARGUS PORTFOLIO

CANADIAN EMPLOYMENT, 1946 AND 1974

Company	Approximate Number of Employees 1946	1974	Average Annual Growth Rate 1946-74
Canadian Breweries	2,500	6,200[a]	
B.C. Forest Products	1,700	5,100	
Dominion Stores	2,148[b]	25,000[b]	
Hollinger Mines	1,700[c]	140	
Massey-Ferguson	5,000[d]	7,200[e]	
Standard Broadcasting	50	325	
Total	13,098	43,965	4.4%
Total Canadian labour force	(Thousands) 4,531	9,982	2.6%

Notes: a. 1968, in which year investment position sold.
b. Includes full-and part-time employees.
c. 1961, in which year investment position acquired; gold mine active.
d. 1947, 14,000 employees world-wide.
e. 61,000 employees world-wide.

Sources: Private communications, Annual Reports, and Statistics Canada.

CANADIAN BREWERIES LIMITED

REVIEW

The aggressive rationalization and marketing program followed by E.P. Taylor and his associates in the 1930's and early 1940's had established CNB as Canada's biggest brewing company by the time Argus acquired its investment position in 1945.*

For the next fifteen years the principals of Argus continued to apply their expertise in an aggressive fashion.** As a result,

* - See Chapter 1, pp. 5-9, 13.

** - See Chapter 3, pp. 43-50.

CNB's net sales increased at an average annual rate of 13.2%, from $33.3 million to $214.6 million and the company became not only a leading international operation, but also Canada's largest brewing concern in terms of sales and production. In 1960, it was estimated that CNB had close to 50% of the Canadian and 6% of the U.S. beer markets. Table 21 summarizes the performance of CNB from 1945 until Argus' investment position was sold in 1968.

Table 21

CANADIAN BREWERIES LIMITED

PERFORMANCE, 1945-68
(Percentages)

Average Annual	1945-55	1955-65	1965-68	1945-60
Growth (decline) in sales	16.2	14.8	(1.7)	13.2
Return on sales	8.3	6.2	5.2	7.6
Earnings growth	15.5	0.7	11.6	12.1
Earnings per share growth (decline)	13.7	(5.2)*	14.7	8.3
Dividend growth	20.0	4.8	-	14.9
Return on invested capital	9.7	6.2	4.6	8.7

* - Shares outstanding increase.

Source: Appendix B, pp. 148-49.

As indicated in the table above, CNB began to encounter problems in the early 1960's. From 1962 until Argus sold its investment in 1968, CNB experienced no sales gain, a sharp decline in market share in both Canada and the United States and lower returns on sales and invested capital. These problems reflected the fact that management's efforts from 1930 to 1960 had gradually lost their impact. Opportunities to extend the brewing complex by acquisition diminished and the competition initiated very successful marketing efforts that precipitated the decline in market share. The results of these developments are clearly evident from a review of the Canadian beer market data for 1964 to 1968 (see Table 22).

John G. Campbell, the accountant who was appointed President in 1965, succeeding I.R. Dowie who had implemented Taylor's plans to reinstate centralized management, successfully arrested CNB's decline in operating profit margins, but the erosion in market share continued and accelerated in 1967 as an aftermath of the Quebec City problem.*

* - See Chapter 3, pp. 50-52.

Table 22

CANADIAN BEER MARKET SHARE DATA, 1964-68
(Percentages)

Company	1964	1965	1966	1967	1968
Canadian Breweries	45.0	43.0	43.3	38.8	36.2
Labatt	21.0	22.5	22.5	25.7	27.4
Molson	27.0	27.5	27.7	29.0	29.2
Other	7.0	7.0	6.5	6.5	7.2
Total	100.0	100.0	100.0	100.0	100.0

SUMMARY

CNB's success in the twenty years following Argus' acquisition of its investment position was the result of the successful implementation of Taylor's Ontario rationalization program on a national scale. This permitted CNB to capitalize on the more liberal attitude toward drinking, the growth of the economy and population following the end of World War II, the advantageous physical and capital position enjoyed by CNB in the late 1940's and, finally, the determined philosophy of the principals to expand.

CNB's success caused management not to differentiate between internal and external sales growth and therefore not to formulate a distinct marketing policy. As a result, CNB's market share began to erode when the competition implemented aggressive marketing policies in the early 1960's.

In 1965, the CNB Board of Directors implemented management changes in an attempt to arrest this decline in market share and pressure on profit margins. Unfortunately, problems persisted and in 1968 Argus sold its CNB interest.

DOMINION STORES LIMITED

REVIEW

At the time J.A. McDougald and his associates at Argus acted swiftly to prevent the sale of control to Safeway Stores Inc., as described in Chapter 3, DMS was third in total sales and a distant third in sales per store in the Canadian food retailing industry to Loblaws Limited and Canada Safeway Limited. Since then, Argus has increased its investment position in DMS and has provided financial and management direction as required.

Argus, in the first ten years after assuming its initial investment position, encouraged the management of DMS to concentrate on improving productivity by closing poor locations

and increasing sales per store.* The response was encouraging and the results were impressive (Table 23).

Table 23

DOMINION STORES LIMITED

PERFORMANCE, 1946-74
(Percentages)

Average Annual	1946-55	1955-65	1965-74	1947-60
Growth in sales	18.2	12.0	13.0	18.8
Return on sales	1.85	1.90	1.36	1.88
Earnings growth	20.6	14.1	5.9	19.4
Earnings per share growth	21.0	17.0	5.5	17.5
Dividend growth	18.4	14.9	2.8	15.1
Return on invested capital	16.1	11.8	9.9	14.5

Source: Appendix B, pp. 151-52.

With the completion of the rationalization program in the mid-1950's, a plan to increase the number of store locations was introduced. Initially, the results were very good, but about 1960 sharply increased competition for the food dollar, particularly from the independents, resulted in some slight erosion in market share for DMS. This problem continued through to November 1970, when DMS announced a new policy of "Deep Discount Prices". Since exerting this price leadership, DMS' market share has increased by about 42%.(See Table 24.) Impressive as the 1970 to 1975 results are, they are enhanced when it is taken into consideration that these improvements in market share were achieved without representation in the Alberta and British Columbia markets, two of the fastest growing markets in the past few years.

Although this turnaround in market penetration is substantial, DMS's key financial statistics indicate some erosion when compared with the first two decades reviewed, reflecting the fact that the food retailing industry has been transformed into a highly competitive, high-volume, low-margin business. As indicated by sales growth, however, DMS has effected the transition very successfully, as evidenced by its performance relative to Canada Safeway Limited, the previous industry leader (see Table 25).

* - See Chapter 3, pp.53-54.

Table 24

DOMINION STORES LIMITED

PERFORMANCE COMPARED WITH THE RETAIL

FOOD INDUSTRY, 1965-75

Calendar Year	Retail Food Industry: Sales (Millions of Dollars)	Retail Food Industry: Growth (%)	Dominion Stores Limited: Sales (Millions of Dollars)	Dominion Stores Limited: Growth (%)	Dominion Stores Limited: Share of Market (%)
1975	11,750.0	13.5	1,853.9	18.3	15.8
1974	10,352.1	17.2	1,567.5	27.1	15.1
1973	8,828.8	11.9	1,233.7	15.1	14.0
1972	7,890.1	8.7	1,072.2	16.2	13.6
1971	7,260.2	6.0	922.5	29.4	12.7
1970	6,849.2	7.0	712.7	12.2	10.4
1969	6,400.9	6.9	635.3	8.7	9.9
1968	5,985.6	5.3	584.2*	7.5	9.8
1967	5,685.5	6.2	543.5*	5.8	9.6
1966	5,351.6	10.9	513.7*	5.3	9.6
1965	4,825.3	7.7	487.7*	6.2	10.1

* - Fiscal year figures (year ends Saturday nearest March 20).

Sources: Statistics Canada and Annual Reports.

Table 25

DOMINION STORES LIMITED AND CANADA SAFEWAY LIMITED

SALES GROWTH, 1974-75

Company	Average Annual Sales Growth (Percentages): 1945-55	1955-65	1965-75	1970-75	Sales: Total (Millions of Dollars): 1945	1975	Sales: Per Store (Thousands of Dollars): 1945	1975
Dominion Stores	18.2	12.0	13.0	20.0	34.8	1,649.5	148.0	4,219
Canada Safeway	12.2	8.7	16.2	15.9	55.1	1,877.7	270.4	3,758

Sources: Annual Reports; Financial Post Corporation Service.

SUMMARY

The success of DMS since 1945 appears to have been a function of management's ability, with encouragement from Argus, to institute a thorough store rationalization program, dramatically improve sales per store, follow a sound expansion program through the 1950's and assert price leadership at a time when DMS' market share was being threatened by the independents. As a result of these efforts, DMS has emerged as Canada's largest food retailer.

MASSEY-FERGUSON LIMITED

REVIEW

Attracted by the ability and enthusiasm of James S. Duncan, President, and the favourable outlook for the farm machinery industry, E.P. Taylor and W.E. Phillips began to accumulate shares in Massey following the reorganization of the capital structure and their appointment to the Board of Directors in 1942. These shares were subsequently transferred to Argus, so that by late 1945 it was the largest single shareholder.

Massey made substantial progress, particularly internationally, in the immediate postwar years under the direction of Duncan, but, as financial difficulties developed in the mid-1950's, Taylor and Phillips became more involved. The operating record is summarized in Table 26.

Table 26

MASSEY-FERGUSON LIMITED

PERFORMANCE, 1946-74
(Percentages)

Average Annual	1946-55	1955-65	1965-74	1946-60
Growth in sales	19.8	7.3	10.1	14.6
Return on sales	4.5	3.3	2.8	3.7
Earnings growth	19.2	11.8	7.1	13.0
Earnings per share growth	9.3	13.3	4.9	11.9
Dividend growth	19.6	4.1	-	9.7
Return on invested capital	8.9	5.0	4.7	7.0

Source: Appendix B, pp. 154, 156.

A review of operations indicated that, while Massey was making good progress internationally, it had serious sales,

inventory and cash problems in North America. In 1956, A.A. Thornbrough was appointed President by the Massey Board of Directors to deal with the problems. Thornbrough reacted by discounting the inventory, thus increasing sales and relieving the cash flow problems, initiated a major acquisition program and decentralized world-wide operations.

Massey's international success is best expressed by comparing North American and international sales for 1946, 1960 and 1975 (Table 27). Massey's sales success, particularly in international markets, has established it as one of Canada's largest manufacturing companies. This achievement is most impressive when Massey's sales are compared to those of Canada's major industrial companies (Table 28).

Table 27

MASSEY-FERGUSON LIMITED

SALES BY MARKET, 1946, 1960, and 1975

	Sales					
	Percentage Breakdown			Dollar Breakdown (Millions of Dollars)		Average Annual Percentage Growth
Market	1946	1960	1975	1946	1975	
North America	67.0	42.0	29.7	48.5	746.4	9.9
International	33.0	58.0	70.3	23.9	1,766.9	16.0
	100.0	100.0	100.0	72.4	2,513.3	13.0

Source: Annual Reports.

SUMMARY

After several years of dramatic growth following World War II, Massey encountered serious cash flow problems in the mid-1950's. Taylor, Phillips and their associates were able to persuade the Massey Board of Directors to change top management, bringing in Thornbrough; together, they resolved these problems. Massey also initiated a successful acquisition program, expanded manufacturing facilities and decentralized world-wide operations. As a result, Massey improved its sales, particularly in the international sphere, where its main thrust was centred. Argus has been instrumental in developing Massey into a major multinational company and one of Canada's largest manufacturing enterprises.

Table 28

A COMPARISON OF LARGE PUBLIC

CANADIAN INDUSTRIAL COMPANIES, 1974

Rank	Company	Sales	Assets	Net Income	Stock-Holders' Equity	Employees
		-------Thousands of Dollars-------				
1	Ford Motor of Canada Limited	4,355,215	1,474,985	157,771	784,245	38,085
2	Imperial Oil Limited	3,688,139	2,724,430	296,524	1,461,568	16,117
3	Alcan Aluminium Limited	2,412,145	2,957,646	109,156	1,093	64,300
4	Massey-Ferguson Limited	1,784,625	1,613,951	68,413	523,622	60,822
5	International Nickel Company of Canada, Limited	1,684,608	2,796,634	306,002	1,411,511	48,962
6	Gulf Oil Canada Limited	1,510,020	1,645,350	164,622	906,092	10,572
7	Canada Packers Limited	1,479,492	272,164	16,530	153,525	15,000
8	MacMillan Bloedel Limited	1,427,740	1,210,473	73,925	517,901	23,847
9	Noranda Mines Limited	1,172,844	1,722,106	158,354	698,856	31,500
10	Steel Company of Canada, Limited	1,158,653	1,351,963	113,355	758,575	23,251
11	Moore Corporation Limited	1,032,192	741,213	74,725	358,398	29,535
12	Northern Telecom Limited	992,547	572,720	54,962	287,674	24,395

Source: Fortune Magazine (May 1975).

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

REVIEW

As the result of his close association with H.R. MacMillan, E.P. Taylor became convinced that significant growth potential existed in the west coast forest products industry. Taylor and his associates moved quickly after the war, forming BCFP on January 31, 1946.*

Guided in the early years by Taylor and McCutcheon, and by those provided under contract by the H.R. MacMillan Exports Company, management initially worked to expand BCFP's timber supply, a necessar

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* - See Chapter 3, pp. 65-66.

prerequisite to extending its product line. When the first forest management licence was finally received in the mid-1950's, efforts turned to extending operations to include pulp and newsprint by the early 1960's. The success of these efforts provided BCFP with the opportunity for strong growth through the 1960's and 1970's. BCFP's record is summarized in Table 29.

Table 29

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

PERFORMANCE, 1947-74
(Percentages)

Average Annual	1947-55	1955-65	1965-74	1947-60
Growth in sales	10.9	9.4	13.4	9.3
Return on sales	9.7	7.0	6.7	8.2
Earnings growth	4.5	3.9	16.4	3.3
Earnings per share growth (decline)	2.4	-*	14.8	(1.5)*
Dividend growth	4.4	7.6	5.4	4.0
Return on invested capital	9.2	4.8	5.1	5.9

* - Shares outstanding increased.

Source: Appendix B, pp. 159, 161.

An analysis of Table 29 indicates that, whereas BCFP has always enjoyed a reasonably strong sales growth rate, returns on sales and invested capital have declined significantly from the average levels of the period 1947 to 1955. The problem, which was common to the industry, forced several mergers as companies attempted to improve their returns. The sharp gain in earnings between 1965 and 1974 actually took place after 1971 and was due to substantially higher product prices.

The success of BCFP since its incorporation in 1946 can be measured, at least in part, by relating its sales growth rate to that for the other major producers in the Canadian forest products industry (see Table 30). BCFP has recorded a higher average annual growth rate in sales than have other forest product companies. This was achieved both by gaining an increased market share of established products and by diversifying into other product lines. The higher average annual growth rate achieved by Consolidated Bathurst, MacMillan Bloedel and Domtar can be attributed to mergers and acquisitions.

Table 30

CANADIAN FOREST PRODUCTS COMPANIES

AVERAGE ANNUAL GROWTH RATE IN SALES

1947-74
(Percentages)

Company	1947-55	1955-65	1965-74	1951-60
BCFP	10.9	9.4	13.4	6.2[a]
Abitibi Paper Company Limited	8.5	4.6	12.3	3.1[a]
Consolidated-Bathurst Limited	*	3.0	15.9	4.1[b]
Domtar Limited	*	9.7[c]	9.2	17.5[d]
MacMillan Bloedel Limited	*	9.5	13.9	5.6[e]
Price Company Limited	3.2[f]	7.6	9.7	1.7

Notes: a. 1947-60. b. 1953-60. c. 1956-65. d. 1956-60.
e. 1955-60. f. 1951-55. *Figures not comparable.

Sources: Annual Reports; Financial Post Corporation Service.

SUMMARY

The responsibility for BCFP's record would appear to rest largely with Taylor, McCutcheon and their associates, since they had the foresight to move quickly, beginning in 1946, to establish, arrange the financing, attract good management, build the plant, and extend the product line for what is today Canada's sixth largest public forest products company.

STANDARD BROADCASTING CORPORATION LIMITED

REVIEW

When Argus acquired its initial position in STR in 1946, it represented a small portion of its assets and, hence, was included under "other investments". The decision was made in 1960, when STR had sales of $2.3 million and net income of $300,000, to record it separately in the Argus Annual Report.*

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* - See Chapter 3, pp. 73-74.

To capitalize on the strong growth exhibited by the communication industry, the principals of Argus made several attempts to expand their radio base to include newspapers and television, as outlined in Chapters 3 and 4. Although the negotiations were largely unsuccessful, and the principals were unable to build the major communications network they had envisioned, they nevertheless built a remarkably successful company, as evidenced by STR's 11.8% average annual rate of share appreciation during the period 1946-75. A comparison of STR's performance with that of other Canadian public broadcasting companies is given in Table 31.

Table 31

MAJOR CANADIAN PUBLIC BROADCASTING COMPANIES

PERFORMANCE, 1965-74
(Percentages)

Average Annual	Standard Broadcasting Corporation Limited	CHUM Limited	Selkirk Holdings Limited	Western Broadcasting Company Ltd.
Revenue growth	10.8	18.6	40.0	24.8
Earnings per share growth	11.9	26.0[a]	37.0	24.0
Dividend growth	29.0	60.0[b]	28.0[a]	26.0[b]
Return on invested capital growth	23.71	11.78	8.31[c]	10.28

Notes: a. 1966 base year. b. 1967 base year. c. 1968 base year.

Sources: Annual Reports.

The lack of success in building a sizable communications network may be attributed to two factors: (1) the refusal of the regulatory bodies, in many cases, to accept STR's applications; and (2) the reluctance of management to diversify geographically and pay not only for earnings but also goodwill, the basis of valuation for any communications company. This latter attitude is probably a carry-over from the formative days of Argus, when the principals invested almost exclusively in asset-rich companies.

The affects of the slow growth during the 1960-74 period are evident from an examination of key financial data (Table 32). The slower rate of growth in revenues in the past ten years had a major negative impact on STR's growth in earnings. On the other hand, the company reported a higher return on revenues, the highest return on invested capital of any of the major public broadcasting companies, and increased dividend growth.

Table 32

STANDARD BROADCASTING CORPORATION LIMITED

PERFORMANCE, 1960-74
(Percentages)

Average Annual	1960-65	1965-74
Growth in revenues	21.9	10.8
Return on revenues	15.6	20.9
Earnings growth	34.1	10.9
Earnings per share growth	32.6	10.8
Dividend growth	13.4	24.1
Return on invested capital	23.4	24.3

Source: Appendix B, pp. 163-64.

CONCLUSION

Notwithstanding the slow growth of the past ten years, STR has been a successful investment for Argus, as dividend growth and return on invested capital have consistently exceeded that for most other companies, regardless of industry.

HOLLINGER MINES LIMITED

REVIEW

When Argus, inspired by John A. McDougald,* established an initial investment position in HOL in 1961, it constituted Argus' last new commitment and its first in the mining industry. Since then, Argus has quadrupled its holdings in HOL to 1,050,000 common shares.

* - See Chapter 3, p. 77.

Between 1961 and 1974 total shipments of iron ore by IOC, a subsidiary of HOL, increased erratically at an average annual rate of 7.6% from 7.3 to 20.5 million long tons. Over the same period shipments from Sept Iles, as a percentage of total Canadian iron ore shipments, varied from 24.9% in 1963 to 43.2% in 1974. The level of shipments, as recorded in Table 33, has been influenced primarily by strikes and mechanical failures at the mine.

Table 33

IRON ORE COMPANY OF CANADA

IRON ORE SHIPMENTS, 1961-74
(Millions of Long Tons)

Year	Canadian Iron Ore Shipments	Iron Ore Shipments from Sept Iles: Amount	Iron Ore Shipments from Sept Iles: Percentage of Total Canadian Shipments
1961	18.2	7.3	40.1
1962	24.4	9.8	40.2
1963	26.9	6.7	24.9
1964	34.2	14.2	41.5
1965	35.7	13.4	37.5
1966	36.3	13.2	36.4
1967	37.8	14.4	38.1
1968	42.4	16.5	38.9
1969	35.8	12.7	35.5
1970	46.7	20.0	43.0
1971	43.3	17.2	39.7
1972	39.0	13.6	34.9
1973	48.1	20.4	42.4
1974	47.5	20.5	43.2

Sources: Statistics Canada, Catalogue 26-210;
Hollinger Annual Reports.

HOL's four major sources of income are revenues from royalties on iron ore and from gold and silver production, income from its share of the earnings of IOC, dividends and interest. Revenues and other income for the years 1965, 1970 and 1974 are summarized in Table 16 (page 82).

HOL adopted the equity accounting method of including in income its proportionate share of the earnings of IOC, instead of dividends received, in 1971. Technological difficulties, higher operating costs and a continuing shortage of skilled

personnel accounted for HOL's share of IOC's 1974 loss, i.e. to $7.0 million. In recent months, however, these problems have largely been resolved and the company expects substantially improved results from IOC in the years ahead.

As the result of this change in accounting procedures and the wide fluctuations in iron ore shipments, HOL's growth in revenues, earnings and dividends has been somewhat erratic. The record is summarized in Table 34.

Table 34

HOLLINGER MINES LIMITED

PERFORMANCE, 1961-74
(Percentages)

Average Annual	1961-65	1966-70	1965-74
Growth in revenues	15.9	10.6	2.9
Return on revenues	47.3	51.3	47.3
Earnings growth (decline)	25.5	7.8	(3.5)
Earnings per share growth (decline)	25.5	7.1	(3.5)
Dividend growth	7.5	10.6	5.3
Return on invested capital	8.5	2.7	8.7

Source: Appendix B, pp. 166, 168.

Dividends are derived from (1) its holdings in Noranda and (2) other investments.

Interest income is derived from (1) debentures held in IOC and (2) short-term deposits.

In total 1974 proved to be a difficult year for HOL, in view of IOC's significant loss, as the company reported net profit of only $7.1 million. However, it is interesting to note that net income increased from $3.8 million in 1961 to $13.0 million in 1970, the year before equity accounting was introduced, and averaged $9.5 million for the 10 years ended 1970. From 1971 through 1974, net income varied between $7.1 million and $12.2 million and averaged $9.6 million.

In spite of a relatively liberal dividend policy (dividends increased from $0.60 per share in 1960 to $1.60 per share in

1974), net working capital and common shareholders' equity have increased steadily. Of particular interest is the increase in cash and short-term deposits which, despite increases in the investments account, have grown from $17.6 million to $33.7 million, equivalent to an average annual growth rate of 6.7%.

CONCLUSION

Since Argus acquired its major interest in 1960, HOL has been deeply involved in massive developments while substantially improving its equity, asset, investment and cash bases. In addition, dividends have increased substantially.

Of particular significance at this point are the company's plans for the application of its liquid assets which, at December 31, 1974, including the Noranda shares at the market value of $28.75, totalled $109.5 million. This, combined with the company's cash throw-off and its capacity for leverage, puts HOL in a unique position to expand or diversify.

SUMMARY

The principal founders of Argus, convinced that the end of World War II would signal a major Canadian advancement from an agrarian and resource-based extraction economy to an industrialized society, invested in and developed several important companies and fulfilled their vision. Indeed Argus' group of companies has exhibited strong growth that generally outdistanced GNP, corporate profit and business capital formation growth in Canada from 1945 to 1975.

CNB successfully rationalized the Ontario beer industry between 1930 and 1945 and became Canada's largest brewing company. Following Argus' acquisition of its investment position in 1945, the company developed into a financially viable national and international brewing enterprise by 1959, as net sales increased at an average annual rate of 13.2% and CNB's Canadian market share increased to 50% and its U.S. market share to 6%. Unfortunately, the competition implemented an aggressive marketing policy in the late 1950's, in response to the evolving preferences of the postwar population boom. This eroded CNB's market share and profits and resulted in Argus sellings its position in 1968.

DMS became the largest retail food chain in Canada (it was third in total sales and sales per store when Argus acquired its investment interest in 1945) largely as a result of Argus' financial and management encouragement. After recording outstanding growth between 1946 and 1959 (its sales increased at

an average annual rate of 18.8%) DMS experienced substantial problems during the next ten years due to increased competition. However, with the introduction of its policy of "Deep Discount Prices" in 1970 the company showed a sharp improvement in its results, including a 50% increase in its market share, thereby establishing it as the market leader in Canada.

Massey has evolved into a major Canadian and multinational enterprise, with plants and subsidiaries on every continent, largely as a result of the timely and valuable financial and management contributions made by Argus. Notwithstanding these achievements, which have included an average annual growth rate in sales of 13% since 1946, Massey generally has reported the lowest return on total invested capital of any of Argus' holdings.

BCFP, through Taylor and McCutcheon's acquisition and management programs, developed into one of Canada's major integrated forest product companies by 1969. The company recorded a higher average annual growth rate in sales (about 10%) than did other forest product companies by gaining an increased market share of established products and by diversifying into other product lines.

STR, while experiencing somewhat limited growth, has been a notable success in that it has provided an average annual return on invested capital of about 24% since 1960 and has been Argus' most spectacular market investment, showing an average annual appreciation in share price of 11.8% since 1946.

HOL was Argus' first and only investment in the mining industry. Although the company's growth in revenues, earnings and dividends has been erratic, its net working capital has grown at an average annual rate of 11% per annum and its cash and short-term deposits have grown at an average annual rate of 6.7% per annum since 1964. Most important, dividends have increased substantially, fulfilling McDougald's expectations.

In summary, Argus has been a major factor in the industrialization of the Canadian economy since the end of World War II. It has provided two important ingredients to the success of its holdings: (1) the confidence and willingness to invest the capital required to grow; and (2) accessibility to that capital. Argus defined the needs, created the vehicles, arranged the financing, built the organizations and integrated them into the Canadian business system.

APPENDIX A

BRIEF HISTORIES OF COMPANIES IN ARGUS PORTFOLIO

CANADIAN BREWERIES LIMITED*

1930

Incorporated under Ontario Charter March 8, as Brewing Corporation of Ontario, Limited.
Acquired The Brading Breweries, Limited; British American Brewing Company, Limited; The Kuntz Brewery, Limited; Taylor & Bate, Limited; Canadian Brewing Corporation, Limited; The Dominion Brewery Company, Limited; The Empire Brewing Company, Limited; Grant's Spring Brewery Company, Limited; The Kiewel Brewing Company, Limited; and Regal Brewing Company, Limited (formerly Hamilton Brewing Association Limited).
Changed its name to the Brewing Corporation of Canada, Limited.
Purchased control of Carling Breweries, Limited.
Original Officers: C.S. Jennison, Chairman of Board; E.P. Taylor, President and General Manager; K.S. Barnes, Vice-President and Chairman of Executive Committee; W.C. Butler, Secretary; J. Davidson, Treasurer; and H.A. Taylor, Comptroller. Original Board of Directors: Lt. Col. P.B. Taylor, C.W. Rowley, C.D. Magee, C.S. Jennison, E.P. Taylor, D.D. Mcleod, D.J. McDougald, K.S. Barnes, C.S. King, E.T. Sandell, G.H. Levy and H.F. Kuntz.

1931

Closed down plant of The Empire Brewing Company, Limited; company liquidated.
Changed the name of Canadian Brewing Corporation, Limited, to Eastern Canada Brewing Corporation, Limited.
Acquired, for cash, 51% interest in Budweiser Brewing Company of Canada, Limited.
Purchased initial interest in Cosgrave Export Brewery Company, Limited.

1932

Closed down Grant's Spring Brewery Company, Limited (company's charter was surrendered in 1936).

1933

Interest was increased to 35% in Cosgrave Export Brewery Company, Limited.
Acquired 5% of Peerless Motor Car Corporation of Cleveland, Ohio; plant converted to a brewery; subsequently renamed Brewing Corporation of America.

1934

Acquired the balance of share capital in Cosgrave Export Brewery Company, Limited.
Purchased Welland Brewery Company; plant dismantled and assets liquidated for $27,000.
Acquired a minority interest in Canada Bud Breweries Limited.

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* Sources: Financial Post Corporation Service; Annual Reports and prospectuses of Argus Corporation Limited and Canadian Breweries Limited.

Reorganized the soft-drink sales of O'Keefe Beverages and Kuntz Brewery.
Formed a new subsidiary: Consolidated Beverages, Limited (name was changed in 1937 to O'Keefe's Beverages Limited).
Acquired, for $2,074,000 cash, O'Keefe's Brewing Company, Limited.

1936

Sold The Kiewel Brewing Company Limited.
Sold the assets of Budweiser Brewing Corporation; company wound up.
Merged Dominion Brewery Company, Limited, and Cosgrave Export Brewing Company, Limited.
Merged Taylor & Bate, Limited, and Regal Brewing Company, Limited: Renamed Taylor and Bate Limited.
Consolidated Carling Breweries Limited and Kuntz Brewery, Limited: Renamed Carling-Kuntz Breweries Limited.

1937

Changed name from Brewing Corporation of Canada Limited to Canadian Breweries Limited.
Withdrew from Manitoba market due to 5¢-per-bottle tax imposed against brewers from other provinces.

1938

Acquired a majority interest in Canada Bud Breweries Limited and Reinhardt Brewery Company Limited.
Amalgamated O'Keefe's Brewing Company, Limited, and Taylor and Bate Limited to form a new company, O'Keefe's Brewing Company, Limited.

1940

Acquired Reinhardt Brewery Company Limited for cash.

1942

Sold O'Keefe's Beverages Limited to Associated Bottlers Limited (a wholly owned subsidiary of Orange Crush Limited) in exchange for $700,000 principal amount of debentures of that company.

1943

Acquired the balance of the capital stock of Canada Bud Breweries Limited.

1944

Acquired the majority interest in Brewing Corporation of America.
Acquired all the outstanding capital stock of The Capital Brewing Company Limited, Walkerville Brewery Limited and Bixel Brewing and Malting Company, Limited.
Incorporated, as wholly owned subsidiary, Victory Mills Limited.
Sold to the public 20,000 units (consisting of one preference and one common share per unit) at approximately $52 a unit through Burns Brothers & Denton Limited and W.C. Pitfield & Company Limited.

1945

Sold to the public 15,500 preference shares at $45 per share through W.C. Pitfield & Company Limited and Burns Brothers & Denton Limited.
Sold to the public 115,000 common shares at $22.85 per share to reimburse it for the acquisition of additional shares of Brewing Corporation of America and capital additions to plants in Canada.
Argus Corporation Limited acquired its initial investment position of 221,890 (12.7%) common shares from E.P. Taylor and his associates.

1946

Issued 230,806 common shares on a 1-for-7 rights offering at $20.
Sold privately 16,238 common shares at $26.
Purchased, for $1,949,128 cash, 86.4% of the common stock of Dominion Malting Company Limited.
Argus acquired 81,110 shares: total 303,000.

1947

Issued 192,647 common shares on 1-for-10 rights offering at $20.
Sold privately 7,353 common shares at $24.
Issued $15,000,000 of 3% & 3½% sinking fund debentures.
Argus acquired 27,000 shares: total 330,000.

1949

Issued $5,000,000 of 4% sinking fund debentures.

1951

Issued $12,000,000 of 4½% convertible sinking fund debentures.
Acquired 21,320 of the common and all of the preferred shares of National Breweries Limited (39.9% of the voting power).
Argus acquired 20,000 shares: total 350,000.

1952

Changed the name of National Breweries Limited to Dow Brewery Limited.

1953

Acquired the majority of Peller Brewing Company Limited.
Changed the name of Brewing Corporation of America to Carling Brewing Company Incorporated.

1954

Issued $15,000,000 of 4 3/4 % Series A sinking fund debentures.
Increased holdings to 60% of the common and 100% of the preferred stock of Dow Brewery Limited.
Acquired the assets of Peller Brewing Company Limited for approximately $1,240,000 through its subsidiary Brading Breweries Limited.
Sold the oil seed processing assets of Victory Mills Limited to The Procter & Gamble Company.
Changed the name of Victory Mills Limited to Dominion Malting (Ontario) Ltd.

Director of Investigation and Research, acting under the Combines Investigation Act, enquired into the manufacture, distribution and sale of beer in Canada.
At the hearing the Director stated that the company had followed a deliberate plan of acquiring rival brewing companies and closing, selling or dismantling a number of their plants to eliminate competition and to dominate the industry in Canada. In 23 years the company had bought 23 rival companies in Ontario and closed the breweries of 12 of them. The number of acquired brands was reduced to 9 from 150. The company now owned more than 60% of the brewing industry in Ontario and more than 50% in Ontario and Quebec combined.
The company stated that its mergers helped clean up the brewing industry and its practices were in line with the general pattern of producers to become fewer and bigger.

1955

Purchased for $9,160,603 the brewery assets and business of Griesedieck Western Brewery Company.
Issued 500,000 $1.25 preference shares $25 par value, convertible up to April 1, 1960.
Argus acquired 50,000 preference shares, converted into common shares on a share-for-share basis: total 400,000 shares.

1956

Issued $20,000,000 of 4¼ % Series B sinking fund debentures.

1957

The Combines Investigation Act investigation was referred to counsel by the Minister of Justice with instructions for prosecution.

1958

Issued $15,000,000 of 5% Series C sinking fund debentures.
Agreement was reached with Hope and Anchor Breweries Limited for each company to take a share interest in the other.

1959

Hearings began before the Ontario Supreme Court.
Purchased the assets of the Heidelberg Brewing Company for approximately $3,500,000 through its subsidiary, Carling Brewing Company Incorporated.

1960

Issued 699,411 common shares on a 1-for-5 rights offering at $28.
Chief Justice McRuer found the company not guilty of the charges made upon it, ruling that the evidence showed that neither was it in a position to carry on business without competition, or substantially without competition, nor had it the power to control the market and fix prices.
Purchased 40% interest in John Jeffrey & Company Limited; merged with Hope and Anchor Breweries Limited and Hammonds United Breweries Limited to form Northern Breweries of Great Britain Limited; name later changed to United Breweries Limited.
Argus acquired 80,000 shares: total 480,000.

1961

Issued \$20,000,000 of 5½% Series D sinking fund debentures.
Acquired all outstanding shares of Calgary Brewing and Malting Company Limited.
Formed Hare Place Investments (46% owned by Canadian Breweries and 54% owned by Charrington Breweries Ltd.)to acquire holdings in brewing companies in the United Kingdom.

1962

Issued 500,000 \$2.20 Series A cumulative convertible preference shares \$50 par value (\$25,000,000).
Formed a new subsidiary to build and operate a plant in Nassau: Associated Bahamian Breweries Limited.
Increased holdings of shares of Western Canada Breweries to 98%, at \$36 per share for the outstanding shares (see p. 45).
Purchased 93% of the outstanding shares of Beamish and Crawford Limited for the equivalent of \$1,800,000.
Acquired all outstanding shares of The Bennett Brewing Company Limited for \$3,421,425.
Dominion Malting (Ontario) Ltd. formed a new subsidiary, American Malting Incorporated, to acquire for \$3 million the plant and inventory of Perot Malting Company.
United Breweries Limited and Charrington Breweries Limited merged to form Charrington United Breweries Limited.
Canadian Breweries stock split 5-for-1: Argus' investment position: 2,400,000 common shares.

1963

Issued 500,000 \$2.50 Series B preference shares \$50 par value (\$25,000,000).

1964

Issued \$25,000,000 of 5½% Series E sinking fund debentures.
Acquired the assets of Arizona Brewing Company Incorporated through its subsidiary, Carling Brewing Company Incorporated.

1966

Changed the Company's fiscal year end from October 31 to April 30.

1967

Charrington United Breweries Limited merged with Bass, Mitchells and Butlers Limited to form Bass-Charrington Limited.

1968

Sold its interest in Canadian Equity and Development Company Limited for a cash profit of about \$3.3 million.
Argus sold its 2,400,000 common shares (11%) to Rothmans of Pall Mall Canada Limited for \$28,800,000 on June 6, 1968.

DOMINION STORES LIMITED*

1919

Incorporated under Dominion charter October 3; commenced operations with three stores.

1920

Authorized capital: $1,000,000 of 8% Class A preferred shares; $250,000 of 7% Class B convertible preferred shares, and 25,000 n.p.v. common shares.

1923

At December 31, there were $593,000 Class A, $250,000 Class B and 25,000 common shares outstanding.

1925

2,350 Class B shares were converted into 11,750 common shares; common shareholders took up 13,250 common shares in May, under 1-for-2 rights offering at $20; and 10,000 shares in October, under 1-for-5 rights offering at $10.
Authorized common stock was increased to 90,000 shares.

1926

Authorized common stock was increased to 150,000 shares.
Outstanding Class A and Class B shares were redeemed at $115 per share, and 4,061 unissued Class A shares were converted into 60,000 common shares.
Public offering of 15,000 shares was made in April.

1927

Shareholders took up 7,500 shares on 1-for-10 rights offering at $40.

1928

Shareholders took up 8,250 shares on 1-for-10 rights offering at $30.

1929

Authorized common stock was increased to 500,000 shares in February.
Authorized common stock was increased to 1,000,000 shares in October.
Authorized $5,000,000 of 6½% preferred stock in connection with a proposed merger with Loblaw Groceterias Co. Ltd. None of this stock was ever issued.
Shareholders allotted two shares at $5 for each share held; 181,519 shares shares were taken up. At December 31, there were 272,269 shares outstanding.
Acquired 12 stores owned and operated by the Canadian Packing Company Ltd., a subsidiary of Canada Packers Ltd., in Ottawa (Canada Packers owned

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* Sources: Financial Post Corporation Service; Annual Reports and prospectuses of Dominion Stores Limited and Argus Corporation Limited.

580,000 shares, or 7.2% of the outstanding shares, of Dominion Stores at October 31, 1975).

1930

Two per cent stock dividend paid June 30; 5,446 shares were issued.

1945

E.P. Taylor, W.E. Phillips and J.A. McDougald acquired 43,335 common shares, or 15.1% of the outstanding shares, of Dominion Stores from J. William Horsey, who had exercised an option and acquired these shares from French financier François Dupré.
E.P. Taylor, W.E. Phillips and J.A. McDougald exchanged their shares of Dominion Stores for cash and shares in the newly incorporated Argus Corporation Limited.

1946

Argus purchased 24,890 shares,increasing its investment position to 67,225 shares (23.1% interest).

1947

Argus purchased 6,775 shares increasing its investment position to 74,000 shares (23.9% interest).

1949

At December 31, 315,014 shares outstanding.

1950

Increased authorized capital stock to 4,000,000 common shares; stock split 4-for-1; 1,260,056 shares outstanding.
Argus' investment position: 296,000 shares (23.5% interest).

1951

Argus purchased 4,000 shares, increasing its investment position to 300,000 shares (23.8% interest).

1955

Acquired Thrift Stores Limited, the operator of a chain of approximately 80 food stores in Quebec and Ontario (under $40-per-share cash offer).
Acquired all 50,000 shares of Town and Country Food Centre Ltd. (which operated three large modern retail food markets, two in Calgary and one in Lethbridge) in exchange for 40,000 common shares of Dominion Stores.
Shareholders took up 309,804 shares under a 1-for-4 rights offering at $33.
Argus acquired 75,000 shares through the rights offering, increasing its investment position to 375,000 shares (23.3% interest).

1956

Argus acquired 10,000 shares, increasing its investment position to 385,000 shares (23.9% interest).

At March 17, 1,610,000 shares outstanding.
Acquired Acadia Stores Ltd. (which operated a chain of 11 stores in Nova Scotia).

1959

Argus sold 5,000 shares, reducing its investment position to 380,000 shares (23.6% interest).

1960

Acquired the food outlets of R.T. Holman Ltd., consisting of a store and a food department in a department store in Prince Edward Island.

1961

Increased authorized capital stock to 20,000,000 shares; stock split 5-for-1; 8,050,000 shares outstanding.

1963

Entered Newfoundland in February through the formation of a new subsidiary, Ayre's Supermarket (1963) Ltd. to carry on the operations of Ayre's Supermarket Ltd. (Assets acquired by Dominion March 21, 1971; this company is presently inactive).

1968

Sold seven supermarkets operating in Vancouver to H.Y. Louie Company. Subsequently sold or closed seven stores operating in Alberta.

1969

Argus acquired 100,000 shares, increasing its investment position to 2,000,000 shares (24.8% interest).

1974

At March 23, outstanding capital stock: 8,319,136 common shares.

1965-74

During fiscal years 1965-74, 269,406 common shares were issued under the employee's stock option plan.

GENERAL BAKERIES LIMITED*

1946

Incorporated under the laws of the Province of Ontario March 12 with an authorized capital of 500,000 common shares, no par value.

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* Sources: Financial Post Corporation Service; Annual Reports and prospectuses of General Bakeries Limited, Dominion Stores Limited and Argus Corporation Limited.

Initial public offering April 4. 215,000 common shares were sold publicly by R.A. Daly Company Limited at $5 per share ($4.65 net to the company). Additional 35,000 common shares were purchased privately by J. William Horsey and associates for $35,000.
Acquired as going concerns were the following baking companies:

Brosseau Limitée, Montreal--incorporated 1925.
Purity Bread Limited, Toronto--incorporated 1929.
Bryce Bakeries Limited, Winnipeg and Brandon--incorporated 1930.
Robertson's Bakeries Limited, Vancouver--incorporated 1926.

The fixed assets of the four companies were sold by the parent company, Purity Baking Co. Ltd., for $1,300,000 to Taylor, McDougald & Co. Ltd., who in turn sold them to General Bakeries for $1,406,250. Certain book and other debts were purchased by General Bakeries at principal amount less reserve for bad debts, while inventories, stock-in-trade, supplies, etc., were purchased at the lower of cost or market value. General Bakeries also undertook to pay for certain machinery ordered under purchase commitments not included in fixed assets at January 9, and the cost of alterations made since that date. Cost of such machinery and alterations payable upon acquisition was placed at approximately $50,000.

1947

Purchased Dwyer Bakeries of Saint John, New Brunswick; changed name to General Bakeries (N.B.) Ltd.

1948-49

Authorized share capital was increased by 50,000 preference shares, $10 par value (none have been issued to date).

1954

Purchased Mammy's Ltd., St. John's, Newfoundland.

1955

Acquired the bakery assets and business of Palace Bread Limited, Calgary, Alberta.

1958-59

Purchased bakeries in Ottawa, Brockville and Amherstburg through the acquisition of the assets of Walkers Bread Ltd., Walkers Biscuits Ltd., and Marra's Bread Ltd.

1960

Executive offices of the company were moved to Don Mills (Toronto) from Montreal.

1961

Purchased O'Malley's Limited, a Halifax bakery.

1964

Stock split 3-for-1, resulting in 1,500,000 authorized common shares, no par value; 750,000 common shares issued and outstanding.

1965

Acquired Ellenzweig Bakery Limited of Hamilton, Ontario.

1967

Sold all the assets of its four western divisions, located at Winnipeg, Brandon, Calgary and Vancouver, to McGavin Toastmaster Ltd. for approximately $1,085,000 cash, which was in excess of net book value.

1968

Purchased from The Ogilvie Flour Mills Company, Ltd., the following businesses: Inter City Baking Company Ltd., operating through subsidiaries Browns Bread Ltd. of Toronto, Standard Bread Co. Ltd. of Ottawa, A.L. Strachan Ltd. and Standard Bread (Montreal) Ltd. of Montreal, and Consolidated Bakeries of Canada Limited, operating bakery plants and distribution depots in Ontario and Quebec through its subsidiary, Wonder Bakeries Limited.

1969

Relocated production facilities of the Toronto plant (officially expropriated 1966), to Wonder Bread plants at Hamilton, Orillia, Kingston and Toronto.

1974

Dominion Stores Limited owns 38% of company and John A. McDougald owns 11% (Statistics Canada, Inter-Corporate Ownership, 1972 [Ottawa, Information Canada, November 1974]).

1975

Dominion Stores Limited owns 45% and John A. McDougald owns 11% of company (Dominion Stores, prospectus, March 3, 1975).

MASSEY-FERGUSON LIMITED*

1891

Incorporated under Dominion charter July 22 as the Massey-Harris Company (Limited) following the consolidation of the Massey Manufacturing Company of Toronto and the A. Harris, Son & Co. Limited of Brantford.
Purchased Patterson Brothers & Company and J.O. Wisner, Son & Company, of Brantford and Woodstock.

1892

Acquired The Verity Plow Company of Exeter.

1895

Acquired The Bain Wagon Company of Woodstock.

1904

Purchased the Kemp Manure Spreader Company of Brantford.

1910

Purchased a controlling interest in Johnston Harvester Company of Batavia, New York.

1916

Started a stationary gasoline engine manufacture in Weston (a Toronto suburb) with machinery acquired in 1910 through the purchase of the Deyo-Macey Company of Binghampton, New York.

1926

Established manufacturing facilities at Marquette, France.

1927

Established manufacturing facilities at Westhoven, Germany.
J.H. Gundy of Wood Gundy & Company, Toronto, and Thomas Bradshaw, General Manager of Massey-Harris, formed a syndicate and purchased about 70,000 common shares for approximately $8 million from the Massey family in order to prevent J.I. Case Plow Works Company, a U.S. company, from acquiring these shares.

1928

Took over J.I. Case Plow Works, Inc., of Racine, Wisconsin. Completed second unit of its plant at Marquette, France. The Massey-Harris Company, a new organization, set up headquarters at Racine, merging its U.S. properties.

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* Sources: Financial Post Corporation Service; Annual Reports of Massey-Ferguson Limited and Argus Corporation Limited.

1930

Acquired a 26% interest in H.V. McKay Proprietary Limited, Australia.

1935

James S. Duncan was appointed General Manager and persuaded the Board to reverse its position to liquidate the U.S. subsidiary because of substantial losses suffered during the Depression.

1938

Sold to the McKay family one-sixth of its investment in H.V. McKay Massey Harris Proprietary Ltd., reducing its interest to 20%.

1941

Capital reorganization (details described on pages 229-30, n. 58).

1942

Purchased the F.F. Barber Machinery Co., Ltd., Toronto.
E.P. Taylor and W.E. Phillips were elected to the Board of Directors.

1943

E.P. Taylor and W.E. Phillips began to acquire shares in Massey-Harris.

1945

E.P. Taylor and W.E. Phillips exchanged their shares of Massey-Harris for shares in the newly incorporated Argus Corporation.
Argus Corporation Limited acquired 55,195 preference shares from Canadian Industrial Investments Limited and Invesco Limited, whose major shareholders included E.P. Taylor and W.E. Phillips.
Established manufacturing facilities in Great Britain as a result of the restriction placed by the British government on licences for importation of farm implements.

1946

Argus converted (2-for-1 basis) its Massey-Harris preference shares into common shares; total investment position: 110,390 common shares (9.9% interest).
Argus acquired 39,610 common shares, increasing its investment position to 150,000 common shares (13.5% interest).
Sold part of the plant at Weston, Ontario, to Fruehauf Trailer Co. of Canada Ltd.

1947

Argus acquired 15,000 common shares, increasing its investment position to 165,000 common shares (14.1% interest).
Established Massey-Harris Limited in the United Kingdom as a public company with manufacturing facilities at Manchester, England (and beginning in 1949 at Kilmarnock, Scotland).

Acquired for cash an interest in South African Farm Implement Manufacturers Limited of Vereeniging, South Africa.

1948

Argus sold 10,000 common shares, reducing its investment position to 155,000 common shares (13.1% interest).
Acquired Goble Disc Works, Fowler, California, manufacturers of disc harrows, through U.S. subsidiary.

1945-49

Converted 161,198 preference shares into 322,396 common shares on a two-for-one basis, and a further 161,198 preference shares were converted into 241,797 common on a 1½-for-1 basis.

1951

Increased authorized capital to 12,500,000 common shares, no par value: stock split 5-for-1; 7,695,800 shares outstanding.
Argus investment position: 775,000 shares.

1953

Merged with the Harry Ferguson companies forming Massey-Harris-Ferguson Limited. Under the agreement, all operating Ferguson companies (with the exception of the French company) were transferred to Massey-Harris on October 31, 1953, in exchange for 1,805,055 Massey-Harris-Ferguson common shares (or a net worth of $16,385,000, approximately $9 per share). Ferguson was responsible for developing and popularizing an innovation in tractors and farm implements known as the Ferguson system.

1954

Harry G. Ferguson sold his interests in Massey-Harris-Ferguson Limited to Heathview Corporation Limited.
Argus acquired 725,000 common shares from Heathview Corporation (equally owned by E.P. Taylor, W.E. Phillips, M.W. McCutcheon and J.A. McDougald), increasing its total investment position to 1,500,000 common shares (15.8% interest).

1955

Acquired for cash the remaining 80% of H.V. McKay Massey Harris Proprietary Ltd.
Acquired for cash the Sunshine Company Limited of Waterloo, Ontario.
Established manufacturing facilities of Massey Harris Ferguson G.M. b. H. at Eschwege, Germany.

1957

Increased authorized common stock to 20,000,000 shares from 12,500,000 shares.
Purchased for cash the assets, patents and designs of Mid-Western Industries Inc., Wichita, Kansas.
Attempted unsuccessfully to acquire all the shares of Standard Motor

Company Limited, Coventry, England; offer withdrawn because of drop in Massey-Harris-Ferguson share price and devaluation of French franc.

1958

Changed name to Massey-Ferguson Limited.
Acquired for cash a 25% interest in Société Standard-Hotchkiss from Hotchkiss-Brandt S.A., increasing its total interest to 50%. The other 50% was held by the Standard Motor Company.

1959

Acquired for approximately $12,500,000 cash F. Perkins Company Ltd., of Peterborough, England, the world's largest manufacturer of diesel engines for agricultural, industrial and marine use.
Paid $1,183,000 cash to Oliver Corp. of Chicago (in lieu of a share exchange) for production tooling to produce outboard motors.
Purchased the tractor manufacturing assets in England and France of Standard Motor Co. Ltd. for $32,000,000 cash net after deducting about $8,300,000 which Massey received for its 7,757,938 common shares of Standard.
Purchased 100% control of Société Standard-Hotchkiss (now Massey-Ferguson Tracteurs), a French tractor company, by acquiring for cash Standard Motors' 50% interest.
Became the largest manufacturer of farm tractors in the world market as a result of the above acquisitions.

1960

Sold two of its three plants in Racine, Wisconsin.
Formed Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corp. (now Massey-Ferguson Credit Corporation).
Purchased the Italian tractor company G. Landini e Figli S.p.A.

1961

Acquired for cash Tractors and Farm Tools Ltd. and a controlling interest in South African Farm Implement Manufacturers Limited.
Participated in formation of two new companies, Tractors and Farm Equipment Limited in Madras, India, and Massey-Ferguson-Butler Ltd. in the United Kingdom.

1963

Rights offering to subscribe for one additional common share at $10 per share for each 10 common shares held; 1,226,894 shares taken up by shareholders.
Argus purchased 150,000 common shares; total investment: 1,650,000 common shares (12.12% interest).

1964

Acquired for cash Art Woodwork Ltd. of Montreal, manufacturers of wooden office furniture.

1965

Acquired the assets and assumed liabilities of Badger Northland Inc., of Kaukauna, Wisconsin, in exchange for 172,977 Massey common shares.

1966

Rights offering to purchase one additional common share at $26 Canadian or $24.25 U.S. for each five common shares held; 3,027,985 shares taken up by shareholders.
Argus acquired 330,000 common shares; total investment position was 1,980,000 common shares (10.9% interest).
Acquired for cash 36.6% of the voting stock of Motor Iberica S.A. of Spain.

1967

Changed name of Massey-Ferguson Finance Corporation to Massey-Ferguson Credit Corporation; incorporated two new subsidiaries, Massey-Ferguson Leasing Corporation and Distribution Holdings.

1968

Massey-Ferguson de Mexico S.A. became associate company of Massey.
Purchased for cash the operating assets of Langeskov Plovfabrik A/S, Denmark.
Purchased for cash a 34% interest in Société Mécanique et Automobile (SOMA).
Argus acquired 120,000 common shares, increasing its investment position to 2,100,000 common shares (11.6% interest).

1969

Acquired for cash a controlling interest in Rheinstahl Hanomag Cura S.A., Argentina.
Acquired for cash Ransomes de Mexico, S.A., subsequently renamed Implementos Agricolas Mexicanos, S.A.
Acquired for cash a 33% interest in Simmel S.p.A., Italy.
Argus acquired 750,000 common shares, increasing its investment position to 2,850,000 common shares (15.7% interest).

1970

Authorized common stock was increased to 25,000,000 shares from 20,000,000 shares; 18,195,450 shares outstanding.
Massey-Ferguson Export Finance Company Limited commenced operations.

1971

Sold Implementos Agricolas Mexicanos, S.A., to its Mexican associate company and disposed of its interest in Société Mécanique et Automobile (SOMA).

1972

Acquired for cash a 33% interest in Beltrami, S.p.A., Ravenna, Italy.
Increased holdings in Motores Perkins, S.A., Brazil.

1974

Acquired for cash Progresso Metalfrit S.A. of Sao Paulo, Brazil; Kanmet Limited, of Cambridge, Ontario; and the Hanomag construction machinery division of Rheinstahl A.G., of West Germany, at a cost of $22,100,000.

1975

Argus acquired 150,000 common shares, increasing its investment position to 3,000,000 common shares (16.4% interest).

BRITISH COLUMBIA FOREST PRODUCTS LIMITED*

1946

E.P. Taylor caused the incorporation of a private company, Vancouver Cedar & Spruce Limited (the predecessor company to British Columbia Forest Products Limited), on January 31 with authorized capital of 250,000 of $1 par value common shares which was increased to 500,000 of $1 par value common shares on February 1. The new company acquired assets of Sitka Spruce Lumber Company Limited on Vancouver's False Creek for $280,609 and capital stock worth $800,000 from R.O. Denman. The purchase was financed privately by the sale of 500,000 common shares of BCFP at $1 per share to E.P. Taylor and other Argus associates and by the sale of $600,000 of 4½% first mortgage bonds.

At extraordinary company meeting on April 17, the company name was changed to British Columbia Forest Products Limited (BCFP); all 500,000 shares were changed from $1 par value to no par value; authorized share capital was increased to 2,500,000 NPV shares.

Taylor, McDougald & Company, acting as intermediary, acquired control and ownership of the following assets and sold them on May 10 to BCFP for $8,988,462: Hammond Cedar Company Limited; Industrial Timber Mills Limited; Cameron Investment and Securities Company Limited; Cameron Lumber Company Limited; Hemmingsen-Cameron Company Limited; Osborne Bay Timber Buyers Limited; Renfrew Holdings Limited; and Realty Holdings Limited.

Purchase of these assets was financed by issue of first mortgage bonds and sale of 1,500,000 shares at $4.65 per share. $2,500,000 of 2 3/4% bonds were sold privately (maturing 1954) and $3,500,000 of 4% bonds were sold publicly (retired February 13, 1956).

Argus acquired 200,000 common shares (10% interest).

Management and marketing agreements for the new company were made with H.R. MacMillan Export Company. The company ensured log supply by acquiring: Blackstock Logging (Pitt Lake); Forest Investment Company; Hixon Timber Company; Jervis Inlet Timber Company; Oscar Neimi Company (Jervis Inlet); Malahat Logging Company - Port Renfrew area; San Juan Bay Lumber Company - Port Renfrew area.

The first industry-wide strike of the International Woodworkers of America took place. This 37-day strike was the first co-ordinated one for the union and brought about important changes, including a 40-hour work week.

By year end 1,850 people employed.

E.P. Taylor became President; C.J. Culter, Vice-President; Oscar Lundell, Secretary; H.G. Munro, General Manager; L.S. Mounce, Assistant General Manager; T.L. Daniels, Comptroller.

Net sales $3,100,000 (estimated).

Net earnings $412,000.

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* Sources: First Growth: The Story of British Columbia Forest Products Limited, edited by Sue Baptie (BCFP, 1975); Financial Post Corporation Service; Annual Reports and prospectuses of British Columbia Forest Products Limited, Argus Corporation Limited and Noranda Mines Limited.

1947

First application was made for a Forest Management Licence (renamed Tree Farm Licence), the new system of forest tenure in British Columbia recommended by the Sloan Royal Commission on Forestry.

1948

First dividend at 15¢ a share was declared payable February 1.

1950

Issued $4,000,000 of 4½% first mortgage sinking fund debentures (retired February 13, 1956).
Acquired Vancouver American Timber Company (Loughborough Inlet), Fraser Creek and Rainy River timber interests.
Argus acquired 100,000 common shares, increasing its investment position to 300,000 common shares (15% interest).

1951

First reports were prepared on a possible pulp mill site at Crofton, British Columbia.
A veneer plant at the Cowichan sawmill at Youbou was constructed to supply veneer for new plywood mill at Victoria.

1952

The Victoria plywood plant was completed and operation commenced.
Muir Creek Logging Company was formed (50% British Columbia Forest Products Limited, 50% MacMillan Bloedel Limited), and was managed by British Columbia Forest Products Limited. It owned timberlands on the southern part of Vancouver Island.
Issued $5,000,000 of 5% convertible sinking fund debentures (to mature in ten years).

1953

A Pres-to-log plant was started up at Victoria to utilize mill waste.
Victoria plywood plant success resulted in decision to double its capacity.
Management contract with MacMillan Bloedel was terminated by mutual agreement. The sales contract continued.
E.P. Taylor resigned as President to become Chairman of the Board; H.G. Munro was elected President; B.P. Alley and M.W. McCutcheon, Vice-Presidents; T.E. Burgess, General Manager, T.L. Daniels, Secretary and Comptroller.

1954

Preliminary reports on a pulp mill for Crofton, British Columbia, were completed.
Argus acquired 100,000 common shares from Heathview Corporation Limited, increasing its investment position to 400,000 common shares (20% interest).

1955

Forest Management Licence #22 contract was signed with the government of British Columbia May 18.
Included as a term of the Licence was the agreement to build a pulp mill at Crofton, with the rated capacity of 425 tons per day. To finance this project, Scott Paper Company, an international diversified manufacturer of pulp, paper, plastic products, educational supplies and leisure furniture, entered into an agreement with BCFP to buy 1,000,000 shares at $15 per share before 1957, thus obtaining a 29% interest in BCFP. This was the first major change in shareholders since 1946. Argus remained the other major shareholder. In addition, Scott Paper agreed to buy a certain minimum tonnage of pulp produced at the new mill. Authorized capital was increased on December 15 from 2,500,000 common shares to 3,500,000 common shares to facilitate the sale of shares to Scott Paper Company.

1956

Issued $25,000,000 of 4½% sinking fund debentures, series A (to mature January 1981). Monies used to further facilitate financing the Crofton pulp mill construction.
BCFP submitted a brief to the second Sloan Royal Commission on Forestry in British Columbia.
Construction of the Crofton pulp mill was started in February.
Sales agreement was reached with Mead to sell Crofton pulp produced for export.

1957

Death of President, H.G. Munro, and election of Charles D. Dickey, Jr. (from Scott Paper) as new President.

1958

Full start-up of Crofton pulp mill was completed and first bleached pulp produced January 20.

1959

Kapoor Sawmills Limited purchase included 15,669 acres of timberland on Vancouver Island adjacent to British Columbia Forest Products Limited's Tree Farm Licence #22.
Payment of dividends suspended.

1960

Scott Paper Company sold its 1,000,000 shares of BCFP to Brunswick Pulp & Paper Company, a company owned equally by Scott Paper Company and The Mead Corporation (an international diversified manufacturer of pulp, paper, packaging, construction materials, interior furnishings and educational products).
Regular dividend payment of 50¢ declared.

1961

Major decision was made to expand into newsprint at Crofton and plans prepared for 350-ton-per-day mill.

C.D. Dickey, Jr., resigned as President to return to Scott Paper Company.
T.N. Beaupré joined as President and A.D. Hamilton joined as Vice-President, Pulp and Paper. M.W. McCutcheon was Chairman of the Board and Chairman of the Executive Committee, R.C. Andrews, Comptroller and Assistant Secretary, and W.H. Mulholland, Assistant Secretary.
Fiscal year end was changed from September 30 to December 31.

1962

D.E. Lane was appointed Vice-President, Lumber & Plywood; Ian A. Barclay joined BCFP as Vice-President and Secretary; and K.P. Benson joined as Comptroller.
E.P. Taylor took over as Chairman of the Board when M.W. McCutcheon resigned on his appointment to Senate and federal cabinet position.

1963

Expansion of the Crofton pulp mill by 325 tons per day was announced.
Acquisition of Moore-Whittington Lumber Company Limited including 13,000 acres of Crown granted timber at Parksville, Tree Farm Licence #27 at Nitinat Lake and the Point Ellice sawmill at Victoria.
A survey of the forest resources of the Rocky Mountain Trench area was undertaken in response to an approach made by representatives of Alexandra Forest Industries Limited, a subsidiary of the Wenner-Gren interests in British Columbia.

1964

First salable newsprint production at Crofton.
Majority interest was obtained in Alexandra Forest Holdings Limited and its subsidiary, Alexandra Forest Industries, in order to formulate plans for an integrated forest products complex in the Rocky Mountain Trench of British Columbia's northern interior.
Issued \$15,000,000 of 5½% sinking fund debentures, series B (to mature June 1, 1989). Monies were used to complete newsprint mill and expand pulping facilities at Crofton, and for other capital expenditure purposes.
In November, E.P. Taylor resigned as Chairman of the Board, but remained on the Board as Chairman of the Executive Committee. New Chairman of the Board was T.N. Beaupré; A.D. Hamilton became President; T.E. Burgess, Senior Vice-President, A.G. Rankin, Vice-President, Finance; D.E. Lane, Vice-President, Lumber and Plywood; Ian A. Barclay, Vice-President and Secretary; T.G. Rust, Vice-President, Pulp and Paper; and K.P. Benson, Comptroller.
Acquired Fourmax Logging Company, whose main asset was small Tree Farm Licence #4, on Thurlow Island.

1965

Decision was made to proceed with a second newsprint machine at Crofton.
Alexandra Forest Industries obtained a Timber Sale Harvesting Licence from the government of British Columbia, plus cutting rights in the reservoir area.
A start was made on the first sawmill and a townsite (later to become Mackenzie) near the reservoir that was to be created by the Peace River dam project.

F. & R. Logging Company was acquired. Its assets included Tree Farm Licence #36.
Crofton pulp expansion to 950 tons per day completed.

1966

Authorized capital was increased from 3,500,000 common shares without nominal or par value to 5,000,000 common shares. Issued 240,000 6% cumulative redeemable preferred shares with a par value of $50 for $12,000,000.
Monies were used to repay bank indebtedness and for capital expenditures, including the second newsprint machine at Crofton.
Argus received 62,500 common shares of BCFP on a 1-for-4 exchange offer for its Alexandra Forest Holdings Limited shares, increasing its investment position to 462,500 common shares (13.3% interest).

1967

Acquired Swiftsure Towing Company Limited.
Alexandra Forest Holdings Limited became a wholly owned subsidiary of BCFP.
Acquired Tree Farm Licence #17 at Knight Inlet from Evans Forest Products Limited.
A new sales agreement was entered into with MacMillan Bloedel Limited, and BCFP took over sales of lumber, shingles and shakes in British Columbia and the United States rail market.
Tree Farm Licence #4 was incorporated into Tree Farm Licence #36, located on Phillips Arm and Frederick Arm.
Issued $15,000,000 of 6½% sinking fund debentures, series C (to mature May 15, 1992). Monies were used to pay bank indebtedness and for a number of capital expenditures.

1968

The second newsprint machine at Crofton had a successful start-up.
Preliminary work was started on Mackenzie pulp mill.
Decision was announced to increase capacity of "A" sawmill at Mackenzie.
A.D. Hamilton left company to become President of Domtar Pulp & Paper Products Limited. T.N. Beaupré, Chairman of the Board; Ian A. Barclay was elected President and Chief Executive Officer; T.G. Rust, Executive Vice-President; D.H. Baker, Vice-President, Pulp and Paper; K.P. Benson, Vice-President, Finance; T.E. Burgess, Vice-President, Timber; D.E. Lane, Vice-President, Lumber and Plywood; N.R. Gish, Secretary, W.R. Steen, Comptroller.
Argus acquired 37,500 common shares increasing its investment position to 500,000 common shares (13.5% interest).

1969

In January, Noranda Mines Limited, one of Canada's largest natural-resource-based companies, in conjunction with the Mead Corporation, made a successful bid to purchase sufficient common shares from existing shareholders to give them control of BCFP. Alfred Powis was elected Chairman of the Board in April. The major shareholders became Noranda Mines Limited (28.9%), Brunswick Pulp & Paper Company (26.9%), the Mead Corporation (15.5%), and Argus Corporation Limited (13.5%).
Acquired F. Sing Limited and Cataract Lake Company.

Acquired Northern Cedar Company Limited.
Approval was given to proceed with construction of 500-ton-per-day bleached kraft pulp mill at Mackenzie.

1970

Financing arrangements were made for the Mackenzie project including a line of credit with the Royal Bank of up to $60 million dollars.
Issued $20,000,000 of 9 3/4% sinking fund debentures, Series D (to mature November 3, 1992). Monies were used to pay bank indebtedness and for the Mackenzie project.

1971

At year end 24 subsidiary companies were amalgamated with BCFP to simplify the corporate structure.
No dividends were paid on common shares May 1 and August 1. Reinstated November 1 at a reduced rate of 10¢ per share per quarter.

1972

Pulp mill at Mackenzie successfully began operations in December.

1973

Mackenzie pulp mill became fully operational, producing bleached kraft pulp.
Common stock split 2-for-1. Argus investment position: 1,000,000 shares (13.5% interest).
Argus sold half its position leaving a balance of 500,000 shares (6.6% interest).
Issued $40,000,000 of 9% sinking fund debentures, Series E (to mature 1995), to retire short-term notes and loans, with the balance applied toward capital expenditures at Crofton and Mackenzie.

1975

Acquired the assets of Hampton Lumber Mills Limited.
Donohue St. Felicien Incorporated was formed in partnership with The Donohue Company Limited of Quebec. BCFP took a 40% interest. New company was established to carry out feasibility studies for a major pulp mill and wood products complex near St. Felicien, Quebec.

STANDARD BROADCASTING CORPORATION LIMITED*

1925

Incorporated May 30, as the Standard Radio Manufacturing Corporation, Limited.

1929

Changed name to Rogers-Majestic Corporation Limited.
Initial public offering made in October; 25,000 Class A shares offered at $30 per share by McLeod, Young, Weir & Company, Limited.

1934

51,645 Class A shares were offered privately in October by a group of dealers headed by McLeod, Young, Weir & Company, Limited. Total shares outstanding: 200,000 Class A shares and 15,000 Class B.
Acquired assets of Consolidated Industries Limited.

1939

Class A shareholders entitled to one vote per share and Class B shareholders to 5 votes per share. Previously, Class A stock had been nonvoting.

1941

Formed a new company, Rogers Majestic (1941) Limited under an agreement between Rogers-Majestic Corporation Limited and Small Electric Motors (Canada) Limited. All shares of Rogers Majestic (1941) Limited were purchased by Small Electric Motors under the terms of the sale, and Rogers-Majestic Corporation Limited sold all its assets except the bonds and shares of Rogers Radio Broadcasting Co., and shares of Canadian Radio Artists Bureau Ltd., in consideration of securities issued by the new company. Securities of the new company were then sold to Small Electric Motors (Canada) for $645,000 cash.
Colonel W.E. Phillips, Oshawa, became Chairman, and W.C. Thornton Cran (Vice-President of Small Electric Motors) became President of the new company, Rogers Majestic (1941) Limited.
Sale left Standard Radio owning radio station CFRB and short-wave radio station CFRX Toronto. Officials of the company said the sale was made because of difficulty in operating the appliance and radio manufacturing business at a profit.
Changed name to Standard Radio Limited.
At a special meeting of shareholders of Standard Radio Limited immediately preceding the annual meeting in July, a by-law was approved reducing the number of directors from ten to six. The new Board consisted of: J.E. Rogers, President, Toronto; Samuel Rogers, Secretary, Toronto; Harry Sedgewick, Toronto; G. Harrison Smith, Toronto; D.I. McLeod, Toronto; and Carl Sanders, North Bay.

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* Sources: Financial Post Corporation Service; Annual Reports of Standard Broadcasting Corporation Limited and Argus Corporation Limited.

1946

Argus Corporation Limited acquired an initial investment position in Standard Radio.

1957

Authorized and issued 200,000 Class A and 15,000 Class B shares, no par value, were reclassified into 215,000 common shares, no par value, each entitled to one vote per share.

1959

Application was made for a licence to operate a private commercial television station in the Toronto area; application not successful.

1960

Purchased all the outstanding shares of CJAD Limited.
Argus listed its investment position of 107,499 common shares, or 49.9% of the outstanding shares ($1,827,483 market value), of Standard Radio.

1962

Increased authorized capital to 2,000,000 common shares; stock split 5-for-1; 1,075,000 shares outstanding.
Argus investment position: 537,495 common shares or 49.9% interest.

1968

Increased authorized capital to 10,000,000; stock split 5-for-1; 5,588,700 shares outstanding.
Argus investment position: 2,687,475 common shares or 48.2% interest.
Changed name to Standard Broadcasting Corporation Limited.

1975

Approval received from the C.R.T.C., March 13, to acquire a 52% interest in Bushnell Communications Limited. The purchase price was $10 per share or a total of $8,948,020 ($4,544,790 cash, $4,403,230 in a note maturing in equal annual instalments over five years).

Note: The company is a constrained-share company, at least 80% of the shares of which must be beneficially owned by Canadian citizens or corporations controlled in Canada.

HOLLINGER MINES LIMITED*

1909

Nucleus of the company's property was staked in September by Ben Hollinger and acquired in December by the Timmins-McMartin-Dunlap Syndicate for $330,000.

1910

Incorporated June 28, with an authorized capital of $3,000,000 in $5 par value shares, all ultimately issued. The only offerings of this stock were 125,000 shares, sold privately at $3.50 per share, and 50,000 shares, sold publicly at $5 per share, in February 1911.

1916

Consolidated Hollinger Gold Mines Limited, (No Personal Liability), Acme Gold Mines Limited, (No Personal Liability) and Millerton Gold Mines Limited, (No personal Liability) to form Hollinger Consolidated Gold Mines, Limited, and acquired certain mining claims from Canadian Mining and Finance Co. Ltd.
Authorized capital of $25,000,000: $12,000,000 was issued on a basis of four new shares for each one held; $10,500,000 was issued for the Acme Gold Mines, Ltd.; $1,000,000 issued for the Millerton Gold Mines Ltd., and $500,000 for properties of the Canadian Mining and Finance Company Ltd.

1922

Acquired the property and assets of the adjoining Schumacher Gold Mines, Ltd., for $1,631,676.

1926

Sold power development at Island Falls on the Abitibi River to Abitibi Paper & Power Co. Ltd.; new power contract was made for the purchase of electric power from Northern Canada Power, Ltd.

1933

Entered into agreement with Young-Davidson Mines Ltd. to manage and finance development of latter's property in Powell Township, Matachewan area, Ontario. Following repayment of advances on capital account, 80% of profits from operations were to go to Hollinger and 20% to Young-Davidson Mines Ltd.

1939

Acquired substantial interest in Jerome Mines, Ltd.

1940

Acquired 50% ownership in lands of Hisbert Mines, Ltd., adjoining company's Ross Mine, and organized Holcorp Mines Ltd. to hold these interests.

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* Sources: Financial Post Corporation Service, Annual Reports and prospectuses on Hollinger Mines Limited and Argus Corporation Limited.

1942

Acquired controlling interest in Labrador Mining and Exploration Company (at December 31, 1974, owned 2,004,777 shares: 60.75%).

1949

Formed Hollinger-Hanna Limited, a Canadian company, owned jointly by Hollinger and The Hanna Mining Company of Cleveland, Ohio (each with 500 shares), to manage the operations of Iron Ore Company of Canada on a fee basis. (The management agreement was cancelled on December 31, 1964, with Hanna Mining now directing the Iron Ore Co. undertaking. However, a fee of 10 cents per ton on all iron ore and specialties sold by Iron Ore Co. continues to be paid to Hollinger-Hanna).
Formed Iron Ore Company of Canada, owned by six U.S. steel companies, Hollinger Mines Limited, Labrador Mining and Exploration Company Limited and The Hanna Mining Company.
Wound up subsidiary, International Bond and Share Corporation. Investment holdings held by International Bond and Share Corporation now held directly by Hollinger.

1959

Sold its 82½% interest (33,000 shares) in Kam-Kotia Porcupine Mines to ViolaMac Mines for $198,000.

1961

Argus acquired 250,000 shares from Taymac Investments Limited (equally owned by E.P. Taylor, W.E. Phillips, M.W. McCutcheon and J.A. McDougald), which had acquired the shares from the Timmins family.
Argus acquired another 250,000 shares, increasing its interest to 500,000 shares or 10.22%.

1962

Argus acquired 140,000 shares, increasing its interest to 640,000 shares or 13%.
Hollinger acquired approximately 540,000 shares (1,080,000 shares after adjusting for 2-for-1 stock split in 1968), or 9%, of Noranda Mines Limited common shares from N.A. Timmins Corporation.

1963

Argus acquired 60,000 shares, increasing its interest to 700,000 shares or 14.2%.

1966

Argus acquired 100,000 shares, increasing its interest to 800,000 shares or 16.3%.

1968

Argus acquired 100,000 shares increasing its interest to 900,000 shares or 18.3%.

Changed name from Hollinger Consolidated Gold Mines Ltd. to Hollinger Mines Limited.

1969

Argus acquired 100,000 shares, increasing its interest to 1,000,000 shares or 20.3%.

1973

Argus acquired 25,000 shares, increasing its interest to 1,025,000 shares or 20.8%.

1974

Argus acquired 17,000 shares, increasing its interest to 1,042,000 shares or 21.2%.

1975

Hollinger chose not to increase its holdings in Iron Ore Co. when offered its allotment of some 1,916,005 new shares issued by Iron Ore Co. Hollinger's interest decreased from 10.7% at 1974 year end to 8.27%.

Hollinger's major investments as of December 31, 1975, were the following:
- 60% interest in Hollinger North Shore Exploration Company, Limited;
- 60.75% interest in Labrador Mining and Exploration Company Limited;
- 8.27% interest or 847,273 shares of Iron Ore Company of Canada; and
- 7.4% interest or 1,801,620 shares of Noranda Mines Limited.

HOLLINGER NORTH SHORE EXPLORATION COMPANY, LIMITED*

(NO PERSONAL LIABILITY)

1942

Incorporated; Hollinger Consolidated Gold Mines Limited owned 1,455,825 shares or 60%; M.A. Hanna Company owned 970,550 shares or 40%.

1949

Hollinger North Shore received 300,000 shares in Iron Ore Company of Canada for exploration rights given to that company on the Quebec concession.

1953

Hollinger North Shore obtained a 20-year lease renewable for 3 more periods of 20 years each on 300 square miles in northern Quebec along the Labrador-Quebec boundary.

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* Sources: Financial Post Corporation Service; Annual Reports and prospectuses on Hollinger Mines Limited, Argus Corporation Limited and The Hanna Mining Company.

Certain interests in the iron ore and specialties contained in 250 square miles subleased to IOC and 50 square miles retained for its own account. Hollinger North Shore was entitled to receive royalties of 7% of the value of direct shipping ore f.o.b. Sept Iles or a minimum of 25¢ per ton of ore mined. The company also had the right to 1/8 of the first 266,666,667 tons of ore mined, 1/3 of all other iron ore found and 27% of all specialty minerals discovered on the leases. Hollinger North Shore reserved the right to all precious metals and base metals other than iron ore.

1962

All stock of IOC held by Hollinger North Shore (520,000 shares) was paid out as a dividend to its own shareholders. As a result of the distribution, Hollinger Mines received an additional 312,000 IOC shares and the Hanna Mining Company received an additional 208,000 IOC shares.

1963

Hollinger North Shore distributed to Hollinger Mines and Hanna Mining Company $6,131,875 of the U.S.$6,862,333 of 3% income debentures of the Iron Ore Company that it held.

1971

Sublease to IOC amended to sublease all iron ore and specialties in the 250 square miles mentioned above to IOC.

LABRADOR MINING AND EXPLORATION COMPANY LIMITED*

1936

Incorporated under Newfoundland Companies Act June 18 as subsidiary of Weaver Minerals, Ltd.

1938

Acquired exclusive mining concession from Newfoundland government which gave rights to explore an area covering 20,000 square miles for a period ending December 31, 1963. Specific areas could be selected and licensed by the government for further exploration for a period of forty years each and during the subsistence of any such forty-year licence mining leases could be obtained for areas not exceeding eight square miles each for an initial term of thirty years each and renewable for two further terms of thirty years each.

1942

Controlling interest acquired by Hollinger Consolidated Gold Mines Limited (at December 31, 1974, Hollinger owned 2,004,777 shares: 60.75%).

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* Sources: Financial Post Corporation Service; Annual Reports of Labrador Mining & Exploration Company Limited, Hollinger Mines Limited and Iron Ore Company of Canada.

1943

Interest acquired by M.A. Hanna Company of Cleveland, Ohio (at December 31, 1974, Hanna owned 735,900 shares: 22.3%).

1949

Under an agreement with Iron Ore Co. of Canada, Labrador Mining received 200,000 common shares of Iron Ore (at December 31, 1974, held 394,078 shares: 3.84% interest) U.S.$941,885 of 7½% subordinated debentures and U.S.$797,872 of 3% subordinated income debentures of Iron Ore.

1962

Labrador acquired its initial investment position in Noranda Mines Limited.

1971

Labrador Mining and its parent Hollinger Mines purchased additional shares of IOC to cover equity financing of that company's major expansion program. In consideration of an extension to ore purchase contracts, Labrador Mining agreed that in 1979 the ore-purchasing shareholders' equity interest in IOC will be increased to 80% by the acquisition of shares from non-ore-purchasing shareholders, including Labrador Mining. Labrador Mining held a 4.73% interest.

1975

Labrador did not take up its option to purchase a portion of some 1,916,005 IOC shares offered in January 1975, thus reducing its equity interest in IOC to 3.84% from 4.73%.

As of December 31, 1975, Labrador held the following securities:
- U.S.$941,885 7½% subordinated debentures of Iron Ore Company of Canada;
- U.S.$797,872 3% subordinated income debentures of Iron Ore Company of Canada;
- $394,078 shares of Iron Ore Company of Canada (3.85% interest);
- $815,310 shares of Noranda Mines Limited (3.37% interest).

IRON ORE COMPANY OF CANADA*

1949

Formed under Delaware charter to develop and mine iron ore deposits located on the concessions granted to Hollinger North Shore Exploration Co. and Labrador Mining and Exploration Co. in the Ungava district of Quebec and Labrador, under a subleasing agreement with these two companies. Financed by six major U.S. steel-iron ore interests, Labrador Mining and Exploration Company Limited, Hollinger Mines Limited, and the Hanna Mining Company; the original participating group was joined by Bethelehem Steel Corporation in 1958.

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* Sources: Financial Post Corporation Service; Annual Reports of Hollinger Mines Limited and Iron Ore Company of Canada.

	Percentage Equity Ownership (1975)	Number of Shares Held
The Hanna Mining Company	27.14	2,781,013
Bethlehem Steel Corporation	19.61	2,010,131
National Steel Corporation	18.39	1,884,324
Hollinger Mines Limited	8.27	847,273
The Youngstown Sheet & Tube Co.	6.09	623,635
Republic Steel Corporation	6.09	623,635
Armco Steel Corporation	5.87	601,682
Wheeling-Pittsburgh Steel Corp.	4.70	481,419
Labrador Mining and Exploration	3.84	394,078
Total	100.00	10,247,190

1954

First shipments of ore from deposits in the Knob Lake area, near Schefferville, Quebec, made in July.

1955

Iron Ore Company of Canada became the largest Canadian iron ore producer.

1958

Bethlehem Steel Corporation acquired a 4.67% interest.

1962

Production started from Carol Lake deposits in the Wabush area, about 125 miles south of Schefferville, in mid-year.

1970

IOC commenced a $360,000,000 expansion program at Sept Iles, Quebec, and Labrador City, Labrador, scheduled originally for late 1972. The program included construction of a beneficiating and pelletizing complex at Sept Iles to produce 6,000,000 tons of pellets annually from ore from the Schefferville area. On long-term average, about half the ore will be from lands subleased from Labrador Mining. The facilities made it possible to mine lower-grade ore and lengthen the life of the Schefferville area. Mining and concentrating facilities at the Carol Lake operation in Labrador were expanded, with the concentrator doubled in capacity to approximately 23,000,000 tons a year. Pellet production of over 10,000,000 tons annually remains unchanged. IOC has the capacity to produce 16,000,000 tons of pellets, 10,000,000 tons of concentrates, and up to 5,000,000 tons of direct shipping ore annually.

1971

Sales contract between IOC and its ore-purchasing shareholders revised and extended to 1996. In consideration thereof, Hollinger agreed that in 1979 the ore-purchasing shareholders' equity interest in IOC would be increased to 80% by the acquisition of shares from non-ore-purchasing shareholders, including

Hollinger. This would further reduce Hollinger's interest in IOC to 7.15%. Announced $315 million expansion program, which was virtually completed by March 1974. However, technological difficulties continued throughout 1974 and into 1975 retarding full design-level production.

APPENDIX B

FINANCIAL DATA

CANADIAN BREWERIES LIMITED

FINANCIAL HISTORY

CNB reported total sales of $33.3 million and net income of $2.5 million on total assets of $36.6 million in 1945. In the 1968 fiscal year, when Argus disposed of its interest, sales totalled $239.7 million and net income amounted to $15.8 million on total assets employed of $289.5 million (Table B-1).

After growing at an average annual rate of 11.4% from 1945, CNB's sales peaked in 1964 at $258.8 million. From 1964 to 1968, sales declined 7.4% to $239.7 million.

During the last ten years Argus held its investment, net income fluctuated between $11.3 million and $17.1 million; total assets varied between $205.3 million and $289.5 million; return on total invested capital ranged from 3.7% to 6.9%; return on equity moved between a low of 5.1% and a high of 11.1%; and equity per share moved up from $6.62 to $8.82.

SALES ANALYSIS

A production and net sales breakdown between Canada and the United States is available (Tables B-2, B-3). Sales peaked in 1964 in the United States and in 1965 in Canada.

PROFIT ANALYSIS

CNB does not provide a profit analysis according to product group or source of sales.

STOCK PRICE AND DIVIDEND ANALYSIS

CNB's stock price, earnings and dividend record is summarized in Table B-4.

Based on the average common share price, CNB stock appreciated at an average annual rate of 4.4% from 1945 to 1968. A breakdown of this growth pattern is shown in Table B-5. CNB paid a dividend from 1945 to 1968.

SHARE OWNERSHIP

Because Argus disposed of its position in 1968, a comment is unnecessary.

Table B-1

CANADIAN BREWERIES LIMITED

FINANCIAL SUMMARY, 1945-68
(Millions of Dollars)

Years Ended October 31	[illegible]	Net Income: Total	Net Income: As Percentage of Sales	Earnings per Share* ($)	Total Assets	Total Invested Capital	Return on Total Invested Capital (%)	Equity: Total	Equity: Per Share ($)	Return On Equity (%)
1945	[illegible]	2.5	7.5	0.20	36.6	29.8	8.4			
1946	[illegible]	4.7	11.6	0.45	43.4	37.5	12.5			
1947	50.9	6.1	12.0	0.65	57.2	50.2	12.2			
1948	63.4	6.3	9.9	0.62	63.3	55.1	11.4			
1949	66.5	6.3	9.5	0.61	65.5	56.5	11.2			
1950	70.9	4.9	6.9	0.46	62.0	55.4	8.9			
1951	86.7	5.2	6.0	0.45	78.2	69.2	7.5			
1952	90.4	5.3	5.9	0.45	81.0	70.1	7.6			
1953	[illegible]	7.7	7.5	0.61	86.5	74.2	10.4			
1954	[illegible]	7.9	7.1	0.62	104.5	93.4	8.5			
1955	141.2	10.6	7.5	0.71	142.3	122.6	8.6			
1956	163.8	9.7	5.9	0.60	180.6	156.2	6.0			
1957	176.1	11.3	6.4	0.70	186.5	160.5	7.0			
1958	177.8	10.1	5.7	0.61	196.4	175.9	5.7			
1959	211.9	12.4	5.9	0.72	205.3	180.3	6.9	112.0	33.46	11.1
1960	[illegible]	13.8	6.4	0.65	237.4	210.6	6.6	139.1	33.10	9.9
1961	[illegible]	14.4	6.3	0.66	270.7	240.6	6.0	152.9	35.13	9.4
1962	238.0	15.8	6.6	0.70	298.3	261.8	6.0	185.6	8.52	8.5
1963	[illegible]	17.1	6.8	0.70	318.7	283.7	6.0	216.1	9.93	7.9
1964	[illegible]	16.6	6.4	0.65	338.3	308.4	5.4	221.6	10.18	7.5
1965	[illegible]	11.3	4.5	0.41	330.4	303.0	3.7	221.8	10.19	5.1
1966**	[illegible]	11.6	4.6	0.42	319.7	295.6	3.9	220.0	10.11	5.3
1967	246.9	12.0	4.9	0.44	294.3	264.3	4.5	188.1	8.64	6.4
1968	239.7	15.8	6.6	0.62	289.5	257.7	6.1	191.9	8.82	8.2

Common shares outstanding at October 31, 1968: 21,762,295.

Average annual percentage growth (decline) in sales: [illegible]; 14.[illegible]; [illegible], (1.7); 1945-60, [illegible]

Notes: * - Adjusted for 5-for-1 stock split, February 1962.
** - Year end changed to April 30.

Sources: Financial Post Corporation Service; Annual Reports of Canadian Breweries Limited.

Table B-2

CANADIAN BREWERIES LIMITED

VOLUME OF PRODUCTION, 1959-68
(Thousands of Barrels)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
United States	4,418	4,882	5,047	5,359	5,681	5,800	5,250	5,203	5,157	4,862
Canada	4,230	4,176	4,488	4,689	4,778	4,830	4,873	4,851	4,573	4,468
	8,648	9,058	9,535	10,048	10,459	10,630	10,123	10,054	9,730	9,330

Table B-3

CANADIAN BREWERIES LIMITED

VALUE OF NET SALES, 1959-68
(Millions of Dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
United States	[illegible]	[illegible]	[illegible]	126.9	[illegible]	144.0	131.4	[illegible]	132.9	125.3
Canada	103.6	98.9	108.0	111.1	[illegible]	114.8	121.0	118.6	114.0	114.4
	211.9	214.6	229.5	238.0	249.9	258.8	252.4	249.9	246.9	239.7

Table B-4

CANADIAN BREWERIES LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1945-68

Years ended October 31	Common Share Price High	Common Share Price Low	Common Share Price Average	Earnings per Share	Average Price/ Earnings Multiple	Dividend	Average Yield	Dividend Payout
1945	$24.50	$ 8.00	$16.25	$0.98	16.6x	$0.20	1.2%	20.4%
1950	23.25	16.88	20.07	2.30	8.7	2.00	10.0	87.0
1955	33.00	25.00	29.00	3.54	8.2	1.25	4.3	35.3
1959	42.75	33.50	38.13	3.62	10.5	1.50	3.9	41.4
1960	44.75	31.00	37.88	3.25	11.7	1.60	4.2	49.2
1961	59.25	43.63	51.44	3.30	15.6	1.70	3.3	51.5
1962*	12.63	8.13	10.38	0.70	14.8	0.18	1.7	25.7
1963	11.50	9.63	10.57	0.70	15.1	0.40	3.7	57.1
1964	11.75	9.50	10.63	0.65	16.4	0.40	3.8	61.5
1965	11.50	7.25	9.38	0.41	22.9	0.40	4.3	97.6
1966**	8.88	6.13	7.51	0.42	17.9	0.40	5.3	95.2
1967	8.75	6.75	7.75	0.44	17.6	0.40	5.2	90.9
1968	10.25	7.13	8.69	0.62	14.0	0.40	4.6	64.5

Notes: * Stock split 5-for-1 in March, 1962.
** Year end changed to April 30.

Sources: Financial Post Corporation Service; Annual Reports.

Table B-5

CANADIAN BREWERIES LIMITED

AVERAGE ANNUAL APPRECIATION (DECLINE) IN SHARE PRICE, 1945-68
(Percentages)

1945-55	1955-65	1965-68	1945-60
5.9	4.9	(2.6)	5.8

DOMINION STORES LIMITED

FINANCIAL HISTORY

DMS reported sales of $34.8 million and net income of $500,000 in the fiscal year ended March 1946. In the year ended March 22, 1975, Canada's largest retail food chain had sales of $1,649.5 million and net income of $17.0 million on assets of $240.9 million (Table B-6).

DMS's sales increased at an average annual rate of 11.7% from 1965 to 1975. Meanwhile net income, which amounted to $10.7 million in 1965, fluctuated widely from a low of $3.3 million to a high of $17.0 million. At the same time total assets increased from $104.3 million to $240.8 million; return on total invested capital varied from a low of 2.9% to a high of 13.0%; return on equity fluctuated between 4.1% and 16.0%; and equity per share moved up from $8.29 to $12.98.

SALES ANALYSIS

DMS does not give a breakdown of sales as to product group but does provide an evaluation of (1) sales per store and (2) sales per square foot of ground floor area. Since 1965, sales per store have increased at an average annual rate of 12.6% from $1.284,000 to $4,219,000. Details may be found in Table B-6. At the same time, sales per square foot of ground floor area, as recorded in the 55th (1975) Annual Report, have increased from slightly over $100 to just in excess of $250.

PROFIT ANALYSIS

Although, DMS does not give a breakdown of earnings, it is worthwhile to examine the "profit per dollar of sales" presented in Table B-6. The figures prove that food retailing is a high-volume, low-profit business.

STOCK PRICE AND DIVIDEND ANALYSIS

DMS' stock price, earnings and dividend record is summarized in Table B-7.

Based on the average common share price, DMS stock appreciated at an average annual rate of 9.5% from 1946 to 1975. A breakdown of this growth pattern is given in Table B-8.

DMS has paid a dividend every year since Argus acquired its investment position in 1945.

SHARE OWNERSHIP

An examination of the breadth of the shareholdings reveals that the number of investors holding Dominion Stores' shares has declined substantially over the past ten years (Table B-9).

Since 1971, there has been about a 33% decline in the number of common stockholders.

Table B-6

DOMINION STORES LIMITED

FINANCIAL SUMMARY, 1946-75
(Millions of Dollars)

Years Ended March*	Number of Stores at Year End	Sales: Total	Sales: Per Store ($000s)	Net Income	Profit per Dollar of Sales (¢)	Earnings Per Share** ($)	Total Assets	Total Invested Capital	Return on Total Invested Capital (%)	Equity: Total	Equity: Per Share ($)	Return on Equity (%)
1946	234	34.8	149	0.5	1.29	0.08		4.2	11.3			
1947	229	40.9	179	0.8	1.86	0.12	6.7	5.1	15.7			
1948	228	53.5	235	0.9	1.65	0.14	8.7	6.6	13.7			
1949	221	62.8	284	1.3	2.08	0.21	8.6	6.4	20.2			
1950	205	64.2	313	1.5	2.30	0.24	10.4	7.5	20.0			
1951	205	74.2	362	1.7	2.32	0.27	12.7	8.6	19.7			
1952	215	99.8	464	1.8	1.81	0.29	16.1	9.8	18.4			
1953	202	120.6	597	2.1	1.72	0.33	21.2	16.0	13.2			
1954	195	140.6	721	2.5	1.80	0.40	24.4	17.5	14.3			
1955	207	157.3	760	2.7	1.71	0.43	26.0	19.1	14.2			
1956	304	219.7	723	4.3	1.97	0.54	54.0	43.2	10.0			
1957	326	270.5	830	5.7	2.12	0.71	64.5	47.5	12.0			
1958	334	311.7	933	6.5	2.10	0.81	65.9	51.8	12.5			
1959	342	356.4	1,042	6.7	1.89	0.84	74.1	56.0	12.0			
1960	351	388.4	1,107	6.0	1.55	0.75	77.7	59.5	10.1			
1961	358	400.9	1,120	6.9	1.71	0.85	80.1	63.6	10.8			
1962	355	408.2	1,150	7.5	1.84	0.93	84.3	67.5	11.1			
1963	363	427.0	1,176	8.1	1.90	1.01	86.7	68.6	11.8			
1964	365	459.3	1,248	9.3	2.03	1.16	93.4	73.0	12.7			
1965	380	487.7	1,284	10.1	2.07	1.25	97.8	78.0	13.0			
1966	377	513.7	1,362	10.7	2.07	1.32	104.3	83.2	12.9	66.9	8.29	16.0
1967	380	543.5	1,430	9.4	1.73	1.16	108.2	86.5	10.9	70.6	8.75	13.3
1968	381	584.2	1,533	10.5	1.80	1.30	116.1	90.3	11.6	75.3	9.33	13.9
1969	389	602.9	1,550	9.5	1.58	1.17	126.3	93.8	10.1	79.0	9.79	12.0
1970	398	651.7	1,637	9.3	1.43	1.15	136.0	98.3	9.5	83.7	10.36	11.1
1971	397	768.5	1,936	3.3	0.43	0.41	157.0	115.0	2.9	80.5	9.97	4.1
1972	403	953.7	2,367	9.6	1.00	1.18	165.5	119.4	8.0	85.5	10.46	11.2
1973	401	1,112.2	2,774	9.3	0.84	1.12	168.9	124.2	7.5	90.5	10.89	10.2
1974	394	1,320.7	3,352	13.3	1.01	1.60	197.5	130.9	10.2	9.8	11.78	13.6
1975	391	1,649.5	9,219	17.0	1.03	2.02	240.8	167.7	10.1	110.5	12.98	15.4

Common shares outstanding at March 22, 1975: 8,509,691

Average annual percentage growth rate in sales: 1946-55, 18.2; 1955-65, 12.0; 1965-75, 11.7; 1946-60, 18.8.

Notes: * - Adjusted for 4-for-1 stock split in August 1950 and 5-for-1 stock split in July 1961.

** - Fiscal year ends on the Saturday nearest March 20.

Sources: Financial Post Corporation Service: Annual Reports of Dominion Stores Limited.

Table B-7

DOMINION STORES LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1946-75

Year	Common Share Price High	Common Share Price Low	Common Share Price Average	Earnings per Share	Average Price Earnings Multiple	Dividend	Average Yield	Dividend Payout
1946	$28.50	$21.00	$24.75	$1.55	16.0x	$0.70	2.8%	45.2%
1950*	13.50	7.50	10.50	1.18	8.9	0.38	3.6	32.2
1955	43.00	28.25	35.63	2.14	16.6	0.75	2.1	35.0
1960	68.25	41.00	54.63	3.73	14.6	1.25	2.3	33.5
1961**	17.63	[illegible]	[illegible]	[illegible]	17.8	[illegible]	1.7	29.4
1965	27.25	22.63	24.94	1.25	19.9	0.64	2.6	51.2
1966	25.63	17.50	21.57	1.32	16.3	0.72	3.3	54.5
1967	21.75	15.13	18.44	1.16	15.9	0.72	3.9	62.1
1968	20.13	14.50	17.32	1.30	13.3	0.72	4.2	55.4
1969	17.25	11.88	14.57	1.17	12.5	0.72	4.9	61.5
1970	15.13	8.88	12.00	1.15	10.4	0.72	6.0	62.6
1971	15.50	9.88	12.69	0.41	30.9	0.72	5.7	175.6
1972	17.88	13.50	15.69	1.18	13.3	0.72	4.6	61.0
1973	16.00	11.50	13.75	1.12	12.3	0.72	5.2	64.3
1974	16.25	11.88	14.07	1.60	8.8	0.72	5.1	45.0
1975	19.00	15.50	17.19	2.02	8.5	0.82	4.8	40.6

Notes: * - Stock split 4-for-1 in August 1950.

** - Stock split 5-for-1 in July 1961.

Sources: Financial Post Corporation Service; Annual Reports.

Table B-8

DOMINION STORES LIMITED

AVERAGE ANNUAL APPRECIATION (DECLINE) IN SHARE PRICE, 1946-75
(Percentages)

1946-55	1955-65	1965-75	1946-60
22.4	13.4	(3.8)	17.7

Table B-9

DOMINION STORES LIMITED

NUMBER OF COMMON SHAREHOLDERS, 1966-75

Year	Number of Common Shareholders
1966	10,053
1967	10,895
1968	11,241
1969	11,158
1970	11,305
1971	11,748
1972	10,518
1973	9,191
1974	8,474
1975	7,797

FINANCIAL HISTORY

Massey reported sales of U.S.$72.4 million and net income of U.S.$2.1 million on total assets employed of U.S.$52.1 million in 1946. In the year ended October 31, 1975, this world-wide manufacturer of farm, industrial and construction machinery, engines and recreational products reported sales of U.S.$2,513.3 million and net income of U.S.$94.7 million on a total assets of U.S.$1,982.0 million. (See Table B-10.)

Notwithstanding the decline in 1967 and 1970, Massey's sales increased at an average annual rate of 11.6% from 1965 to 1975. Meanwhile, per share earnings have fluctuated from a loss of U.S.$1.08 in 1970 to a profit of U.S.$5.31 in 1975; return on total invested capital has fluctuated between a loss in 1970 and a high of 8.2% in 1975; return on equity has moved down from 12.2% in 1965 to a loss in 1970 and back up to 14.8% in 1975; and equity per share has increased from U.S.$20.09 in 1965 to U.S.$33.00 in 1975.

SALES ANALYSIS

From Massey's Annual Reports, we were able to present breakdowns of the company's net sales by product group (Table B-11), type of farm machinery (Table B-12) and market (Table B-13).

STOCK PRICE AND DIVIDEND ANALYSIS

Massey's stock price, earnings and dividend record is summarized in Table B-14.

Based on the average common share price, Massey stock appreciated at an average annual rate of 5.8% from 1946 to 1975. A breakdown of this growth pattern is given in Table B-15.

Except in 1971 and 1972, Massey has paid a dividend every year since Argus acquired its initial position in 1945.

SHARE OWNERSHIP

As for its breadth of shareholdings, Massey is in the somewhat favoured position of having slightly more shareholders today than it had in 1965 (Table B-16).

Table B-10

MASSEY-FERGUSON LIMITED

FINANCIAL SUMMARY, 1946-75
(Millions of U.S. Dollars)

Years Ended Oct. 31	Net Sales	Net Income (Loss) Total	Net Income (Loss) As Percentage of Sales	Earnings (Loss) per Share* ($)	Total Assets	Total Invested Capital	Return on Total Invested Capital (%)	Equity Total	Equity Per Share ($)	Return on Equity (%)
1946	72.4	2.1	2.9	0.32	52.1	42.8	4.9			
1947	89.0	4.1	4.6	0.64	63.1	48.4	8.5			
1948	154.5	8.4	5.4	1.21	93.5	74.8	11.2			
1949	186.7	13.4	7.2	1.94	106.0	89.3	15.0			
1950	196.0	15.0	7.7	1.95	135.6	106.7	14.1			
1951	251.9	13.1	5.2	1.70	148.1	115.1	11.4			
1952	293.0	10.9	3.7	1.41	162.6	135.0	8.1			
1953	249.1	7.4	3.0	0.96	198.5	156.5	4.7			
1954	297.7	7.2	2.4	0.76	198.9	162.6	4.4			
1955	367.3	12.2	3.3	0.70	279.0	186.3	6.5			
1956	355.1	3.1	0.9	0.22	296.0	233.9	1.3			
1957	390.8	(4.7)	(1.2)	(0.61)	286.1	223.6				
1958	420.2	13.0	3.1	1.25	310.0	227.7	5.7			
1959	475.5	21.0	4.4	1.65	465.3	294.2	7.1			
1960	490.4	13.2	2.7	0.97	458.0	303.2	4.4			
1961	502.2	14.6	2.9	1.13	477.4	326.2	4.5			
1962	551.4	16.7	3.0	1.36	501.7	329.6	5.1			
1963	634.2	21.9	3.5	1.68	526.1	399.2	5.5			
1964	714.1	41.6	5.8	3.04	582.7	437.6	9.5			
1965	747.9	36.9	4.9	2.45	693.8	469.4	7.9	302.5	20.09	12.2
1966	862.2	41.1	4.8	2.27	786.8	584.9	7.0	398.9	22.00	10.3
1967	844.8	25.5	3.0	1.41	863.8	610.9	4.2	407.7	22.49	6.3
1968	848.0	26.3	3.1	1.45	874.4	615.1	4.3	417.3	23.02	6.3
1969	969.4	30.2	3.1	1.66	1,013.9	629.4	4.8	431.5	23.72	7.0
1970	937.9	(19.7)	(2.1)	(1.08)	1,011.7	569.7		394.5	21.68	
1971	1,029.3	9.3	0.9	0.51	1,011.0	608.6	1.5	403.7	22.19	2.3
1972	1,192.4	32.4	2.7	1.78	1,042.4	632.3	5.1	420.2	23.09	7.7
1973	1,506.2	58.2	3.9	3.20	1,249.0	749.1	7.6	469.9	25.77	12.4
1974	1,784.6	68.4	3.8	3.75	1,[illegible]14.0	892.7	7.7	523.6	28.69	13.1
1975	2,513.3	94.7	3.8	5.08	1,982.0	1,151.9	8.2	641.5	33.00	14.8

Common shares outstanding at October 31, 1974: 18,248,000.

Average annual percentage growth in sales: 1946-55, 19.8; 1956-65, 7.3; 1965-75, 11.6; 1946-60, 14.6.

Notes: * - Adjusted for 5-for-1 stock split March 12, 1951.

Sources: Financial Post Corporation Service; Annual Reports of Massey-Ferguson Limited.

Table B-11

MASSEY-FERGUSON LIMITED

SALES BY PRODUCT GROUP, 1965-75
(Millions of U.S. Dollars)

Years Ended October 31	Farm Machinery Total	Farm Machinery %	Industrial and Construction Machinery Total	Industrial and Construction Machinery %	Engines Total	Engines %	Parts Total	Parts %	Other Total	Other %	Total
1965	519.4	69.4	54.4	7.3	74.5	9.9	89.2	11.9	10.4	1.4	747.9
1966	601.3	69.7	69.3	8.0	76.2	8.8	99.0	11.5	16.4	1.9	862.2
1967	571.9	67.7	73.3	8.7	78.5	9.3	102.6	12.1	18.5	2.2	844.8
1968	543.7	64.1	88.6	10.4	84.6	9.9	112.0	13.2	19.1	2.3	848.0
1969	584.6	60.3	128.0	13.2	104.9	10.8	123.7	12.8	28.2	2.9	969.4
1970	518.7	55.3	128.1	13.7	121.6	12.9	132.1	14.1	14.1	4.0	937.9
1971	622.7	60.5	121.6	11.8	107.0	10.4	150.4	14.6	27.6	2.7	1,029.3
1972	725.3	60.8	142.2	11.9	117.7	9.9	175.1	14.7	32.1	2.7	1,192.4
1973*	930.2	61.8	181.1	12.0	133.7	8.9	224.1	14.9	37.1	2.5	1,506.2
1974*	1,109.1	62.1	198.6	11.1	158.2	8.9	274.6	15.4	44.1	2.5	1,784.6
1975	1,575.6	62.7	287.9	11.5	233.4	9.3	365.0	14.5	51.4	2.0	2,513.3

Note: * - Settlement accounting for 1972-74 only.

Source: Annual Reports.

Table B-12

MASSEY-FERGUSON LIMITED

NET FARM MACHINERY SALES, 1965-75
(Millions of U.S. Dollars)
Years ended October 31

Product	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Tractors	294.1	359.9	335.6	317.8	339.6	331.0	396.0	474.2	575.5	674.4	1,020.5
Grain harvesting	131.5	145.7	140.6	135.6	148.4	99.4	128.0	143.3	202.6	248.3	340.1
Hay harvesting	32.4	32.1	27.2	26.2	30.1	26.1	29.3	28.5	37.1	39.6	51.2
Other products	61.4	63.6	68.5	64.1	66.5	62.2	69.4	79.3	115.0	146.8	163.8
Total	519.4	601.3	571.9	543.7	584.6	518.7	622.7	725.3	930.2	1,109.1	1,575.6

Source: Annual Reports.

Table B-13

MASSEY-FERGUSON LIMITED

NET SALES BY MARKET, 1965-75
(Millions of U.S. Dollars)

Market	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
			Years ended October 31								
North America											
Canada	82.5	89.1	84.4	66.8	79.9	65.2	69.1	85.8	100.2	142.4	184.0
United States	208.4	268.5	263.1	256.6	285.9	247.8	293.6	330.8	422.2	471.6	562.4
Europe	294.5	329.2	301.7	312.5	371.2	384.0	386.5	439.9	539.9	566.8	813.5
Latin America	38.1	45.4	42.7	61.0	70.1	94.8	119.8	164.4	228.5	316.1	501.6
Africa	44.0	43.0	54.0	58.2	68.0	68.7	76.9	77.6	83.6	127.0	195.5
Australasia	51.2	53.4	57.8	59.8	55.3	43.9	42.6	50.5	74.3	92.4	108.8
Asia	29.2	33.6	41.1	33.1	39.0	33.5	40.8	43.4	57.5	68.3	147.5
Total	747.9	862.2	844.8	848.0	969.4	937.9	1,029.3	1,192.4	1,506.2	1,784.6	2,513.3

Source: Annual Reports.

Table B-14

MASSEY-FERGUSON LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1946-75

Year	Common Share Price High	Common Share Price Low	Common Share Price Average	Earnings (Loss) per Share	Average Price/ Earnings Multiple	Dividend	Average Yield	Dividend Payout
1946	$ 21.00	$ 13.00	$17.00	U.S. $1.58	10.8x	$0.50	2.9%	31.6%
1950	44.50	21.75	33.13	9.76	3.4	4.63	13.9	47.4
1951*	15.25	7.93	13.13	1.70	7.7	0.65	5.0	38.2
1955	11.63	9.00	10.32	0.70	14.7	0.60	5.8	85.7
1960	12.13	8.25	10.19	0.97	10.5	0.40	3.9	41.2
1965	36.13	27.25	31.69	2.45	12.9	0.90	2.8	33.9
1966	37.25	20.00	28.63	2.27	12.6	1.00	3.5	39.2
1967	27.38	15.25	21.32	1.41	15.1	1.00	4.7	65.2
1968	24.75	14.00	19.38	1.45	13.4	1.00	5.2	63.4
1969	25.50	15.75	20.63	1.66	12.4	1.00	4.8	56.0
1970	16.88	8.38	12.63	(1.08)		1.00	8.0	
1971	13.00	8.50	10.75	0.51	21.1			
1972	19.63	11.50	15.57	1.78	8.7			
1973	26.13	15.50	20.82	3.20	6.5	0.50	2.4	15.6
1974	20.38	11.50	15.94	3.75	4.3	0.80	5.0	21.9
1975	21.00	13.38	17.13	5.08	3.4	0.90	5.3	19.7

Notes: * - Stock split 5-for-1 in March 1951.

Sources: Financial Post Corporation Service; Annual Reports.

Table B-15

MASSEY-FERGUSON LIMITED

AVERAGE ANNUAL APPRECIATION (DECLINE) IN SHARE PRICE, 1946-75
(Percentages)

1946-55	1955-65	1965-75	1946-60
13.1	13.3	(7.5)	8.2

Table B-16

MASSEY-FERGUSON LIMITED

NUMBER OF COMMON SHAREHOLDERS, 1965-75

Year	Number of Shareholders
1965	34,884
1966	40,186
1967	42,304
1968	43,527
1969	39,694
1970	45,744
1971	41,575
1972	38,260
1973	34,041
1974	34,541
1975	35,844

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

FINANCIAL HISTORY

BCFP recorded total sales of $16.0 million and net income of $2.6 million on total assets of $20.8 million in 1947, its first full year of operation. In the 1975 fiscal year, this integrated producer of forest products had sales of $273.4 million and net income of $15.9 million on total assets employed of $368.8 million. (See Table B-17.)

Notwithstanding the decline in 1970, BCFP's sales increased at an average annual rate of 10.6% from 1965 to 1975. Over the same period, per share earnings fluctuated between $0.09 in 1970 and $3.33 in 1973; return on total invested capital varied from a low of 0.7% in 1970 to a high of 9.3 in 1973; equity per share moved up from $9.14 in 1965 to $19.25 in 1975; and return on equity ranged between 0.9% in 1970 and 20.5% in 1973.

SALES ANALYSIS

BCFP reported its net sales by product group (Table B-18) and market (Table B-19).

PROFIT ANALYSIS

From 1965 through 1975, the company's per share earnings showed an irregular growth pattern from $0.78 to $2.73. No profit figures by product line or type of business are released by BCFP.

STOCK PRICE AND DIVIDEND ANALYSIS

BCFP's stock price, earnings and dividend record is summarized in Table B-20.

Based on the average common share price, BCFP stock appreciated at an average annual rate of 7.1% from 1946 to 1975. A breakdown of this growth pattern is given in Table B-21.

BCFP has paid a dividend every year since payments were initiated in February 1948.

SHARE OWNERSHIP

Noranda's offer in 1969, during which it acquired 29% of the outstanding shares with Mead holding an equal amount, had the profound effect of sharply reducing the breadth of share ownership as indicated in Table B-22.

Argus reduced its holding in BCFP by one-half to 500,000 shares in the last half of 1973, thereby providing an opportunity to reverse the contraction in share ownership.

Table B-17

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

FINANCIAL SUMMARY, 1947-75
(Millions of Dollars)

Year*	Net Sales	Net Income: Total	Net Income: As Percentage of Sales	[illegible] Per Share** ($)	Total Assets	Total Invested Capital	Return on Total Invested Capital (%)	Equity: Total	Equity: Per Share ($)	Return on Equity (%)
1947	16.0	2.6	16.3	0.64	20.8	16.9	15.4			
1948	19.3	2.6	13.5	0.65	22.0	18.3	14.2			
1949	19.7	1.2	6.1	0.30	21.3	18.2	6.6			
1950	22.7	3.0	13.2	0.75	28.7	24.4	12.3			
1951	29.7	2.7	9.1	0.68	30.5	25.8	10.5			
1952	23.9	1.2	5.0	0.30	35.5	30.2	4.0			
1953	28.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
1954	31.5	2.2	7.0	0.54	35.8	30.3	7.1			
1955	36.7	3.7	10.1	0.79	39.5	33.3	11.			
1956	36.8	3.0	8.2	0.58	46.7	40.6	7.4			
1957	29.9	1.1	3.7	0.16	72.0	66.9	1.6			
1958	35.8	0.7	2.0	0.10	74.9	70.8	1.0			
1959	45.0	3.2	7.1	0.47	78.9	73.3	4.4			
1960	50.9	3.6	7.1	0.52	82.9	76.4	4.7			
1961***	59.8	4.2	7.0	0.60	84.6	78.9	5.3			
1962	52.4	4.2	8.0	0.60	89.3	81.3	5.2			
1963	60.4	5.9	9.8	0.85	100.6	90.4	6.5			
1964	75.8	5.7	7.5	0.83	121.6	111.5	5.1			
1965	90.2	5.4	6.0	0.78	132.1	117.1	4.6	63.3	9.14	8.5
1966	102.9	6.5	6.3	0.85	150.7	134.1	4.8	77.5	11.16	8.4
1967	112.6	6.0	5.4	0.72	169.9	156.1	3.8	82.7	11.12	7.3
1968	125.4	8.3	6.6	1.03	183.5	164.0	5.1	88.8	11.95	9.3
1969	135.5	9.4	6.9	1.17	184.6	165.6	5.7	93.5	12.57	10.1
1970	120.5	1.3	1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1971	145.2	5.5	3.8	0.65	253.7	211.5	2.6	94.4	12.69	5.8
1972	173.8	10.8	6.2	1.37	280.1	234.8	4.6	102.3	13.74	10.6
1973	253.6	25.5	10.0	3.33	316.8	274.5	9.3	124.2	16.48	20.5
1974	279.1	21.1	7.6	2.73	358.3	300.0	7.0	137.6	18.26	15.3
1975	273.4	15.9	5.8	2.04	368.8	311.7	5.1	145.1	19.25	11.0

Common shares outstanding at December 31, 1974: 7,534,868.

Average annual percentage growth in sales, 1947-75: 1947-55, 10.9; 1955-65, 9.4; 1965-75, 10.6; 1947-60, 9.3.

Notes: * - Year ended September 30, 1947-60; December 31, 1962-75.

** - Adjusted for 2-for-1 stock split April 1973.

*** - 15 months.

Sources: Financial Post Corporation Service; Annual Reports of British Columbia Forest Products Limited.

Table B-18

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

NET SALES BY PRODUCT GROUP, 1965-74
(Millions of Dollars)

Year	Newsprint Total	Newsprint %	Pulp Total	Pulp %	Plywood [illegible] Total	Plywood [illegible] %	[illegible] Total	[illegible] %	Other Total	Other %	Total
1965	12	13	31	34	9	10	31	34	7	8	90
1966	15	14	35	34	9	9	34	33	10	10	103
1967	17	15	35	31	10	9	45	40	6	[illegible]	113
1968	21	17	30	24	11	9	55	44	8	[illegible]	125
1969	28	21	35	26	11	8	54	40	7	[illegible]	135
1970	28	23	30	25	9	8	47	39	6	[illegible]	120
1971	32	22	33	23	13	9	57	39	10	7	145
1972	33	19	40	23	16	9	76	44	9	[illegible]	174
1973	38	15	74	29	25	10	91	36	25	[illegible]	253
1974	49	18	110	39	22	8	79	28	19	[illegible]	279

Source: Annual Reports.

Table B-19

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

NET SALES BY MARKET, 1965-74
([illegible])

Market	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Domestic	20	23	20	21	22	19	22	24	30	23
U.S.A.	42	41	41	42	39	38	41	44	37	34
Europe	0	0	0	10	13	12	12	10	12	15
U.K.	10	8	10	8	8	10	7	7	7	7
Japan	0	0	0	6	6	7	5	5	5	7
Other	28	28	29	13	12	14	13	10	[illegible]	14
Total	100	100	100	100	100	100	100	100	100	100

Source: Annual Reports.

Table B-20

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1946-75

Year	Common Share Price* High	Common Share Price* Low	Common Share Price* Average	Earnings Per Share*	Average Price/ Earnings Multiple	Dividend*	Average Yield	Dividend Payout
1946	$ 2.56	$ 1.25	$ 1.90	$ 0.11	$ 18.2 x			
1950	3.00	1.37	2.18	0.75	2.9	$ 0.15	6.8%	20.0%
1955	8.56	4.31	6.42	0.79	8.2	0.20	3.1	25.3
1960	7.25	4.88	6.0[illegible]	[illegible]	[illegible]	[illegible].25	4.1	48.5
1965	15.82	10.25	13.02	0.78	16.7	0.50	3.8	64.1
1966	12.32	8.82	10.57	0.85	12.4	0.50	4.7	58.8
1967	12.00	7.75	9.87	0.72	13.7	0.50	5.1	69.4
1968	15.44	6.50	10.91	1.03	10.6	0.50	4.6	48.5
1969	20.75	14.63	17.69	1.17	15.1	0.50	3.4	42.7
1970	17.13	11.25	14.19	0.09	157.7	0.50	3.5	555.6
1971	12.75	7.68	10.21	0.65	15.7	0.175	1.7	26.9
1972	12.75	9.63	11.19	1.37	8.2	0.20	1.8	14.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible].1	12.[illegible]
1974	22.50	8.63	15.57	2.73	5.7	0.80	5.1	29.3
1975	17.25	11.00	14.13	2.04	6.9	1.00	7.1	49.0

Notes: * - Stock split 2-for-1 in May 1973; prior adjustments made.

Sources: Financial Post Corporation Service; Annual Reports of British Columbia Forest Products Limited.

Table B-21

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

AVERAGE ANNUAL APPRECIATION IN SHARE PRICE, 1946-75
(Percentages)

1946-55	1955-65	1965-75	1946-60
13.0	6.6	0.7	8.0

Table B-2[illegible]

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

NUMBER OF COMMON SHAREHOLDERS, 1965-74

Year	Number of Shareholders
1965	7,118
1966	7,164
1967	6,938
1968	5,910
1969	3,148
1970	2,995
1971	2,826
1972	2,700
1973	2,878
1974	2,917

FINANCIAL HISTORY

STR has been identified in the Argus investment portfolio since 1960, when it produced revenues of $2.4 million and net income of $0.3 million on total assets of $2.3 million. This integrated communications company, a leader in its field, reported sales of $16.4 million and net income of $3.3 million on total assets employed of $21.3 million in fiscal 1974. The company does not have any debt. (See Table B-23.)

Through the 1965-74 period, STR's sales grew at an average annual rate of 10.8%. At the same time, per share earnings increased at an average rate of 11.8%; return on equity has varied from a low of 22.8% to a high of 26.3%; and equity per share increased from $4.62 to $12.90, adjusting for the 5-for-1 stock split in 1968.

REVENUE ANALYSIS

No revenue breakdown is provided by the company.

PROFIT ANALYSIS

Although profit analysis is not reported by STR, it is worthwhile highlightin its "return on equity" figures (Table B-23), which reveal that STR is a very profitable company.

STOCK PRICE AND DIVIDEND ANALYSIS

STR's stock price, earnings and dividend record is summarized in Table B-24.

Based on the average common share price, STR stock appreciated at an average annual rate of 11.8% from 1946 to 1975. A breakdown of this growth pattern is given in Table B-25.

STR has paid a dividend every year since Argus acquired its initial position in 1946.

SHARE OWNERSHIP

An examination of the breadth of shareholdings, since it was made available in the 1968-69 Annual Report, reveals that there has been about a 16% decline in the number of shareholders from the peak reached in the year ended March 31, 1970 (Table B-26).

In July 1968, the stock was split 5-for-1, and this probably accounts for the very dramatic 100% increase in the number of shareholders in the fiscal year ended March 31, 1969.

Table B-23

STANDARD BROADCASTING CORPORATION LIMITED

FINANCIAL SUMMARY, 1960-74
(Millions of Dollars)

Years Ended March 31 Following	Gross Revenues	Net Income		Earnings Per Share	Total Assets	Equity		Return on Equity
		Total	As Percentage of Sales	($)		Total	Per Share ($)	(%)
1960	2.4	0.3	12.5	1.40	2.3	1.9	8.83	15.8
1961	3.8	0.5	13.1	2.32	2.8	2.2	10.23	22.4
1962*	4.5	0.7	15.6	0.65	3.3	2.7	2.51	25.8
1963	5.4	0.8	14.8	0.74	4.3	3.3	3.07	23.9
1964	5.8	1.1	19.0	1.02	5.0	4.2	3.90	26.5
1965	6.5	1.3	18.5	1.15	6.0	5.0	4.62	26.0
1966	7.6	1.5	19.7	1.35	7.4	6.2	5.69	24.2
1967	9.0	1.8	20.0	1.60	9.4	7.5	6.70	24.0
1968**	10.7	2.1	19.6	0.38	10.7	9.1	1.63	23.1
1969	12.1	2.5	20.7	0.44	12.0	10.5	1.88	23.8
1970	12.9	2.7	20.9	0.48	13.3	11.3	2.01	23.9
1971	13.2	3.1	23.5	0.55	13.8	11.8	2.09	26.3
1972	14.1	3.3	23.4	0.59	15.2	12.9	2.30	25.6
1973	15.1	3.4	22.5	0.60	15.6	14.1	2.50	24.1
1974	16.4	3.3	20.1	0.58	21.3	14.5	2.58	22.8

Common shares outstanding at March 31, 1975: 5,629,500.

Average annual percentage growth in revenues, 1965-74: 1960-65, 21.9; 1965-74, 10.8.

Notes: * - Stock split 5-for-1 in July 1962.
** - Stock split 5-for-1 in July 1968.

Sources: Financial Post Corporation Service; Annual Reports of Standard Broadcasting.

Table B-24

STANDARD BROADCASTING CORPORATION LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1946-75

Year	Common Share Price High	Common Share Price Low	Common Share Price Average	Earnings Per Share	Average/Price Earnings Multiple	Dividend	Average Yield	Dividend Payout
1946	$ 9.75	$ 6.50	$ 8.13	$0.41	19.8x	$0.40	4.9%	97.6%
1950	6.50	4.00	5.25	0.43	12.2	0.40	7.6	93.0
1955	12.00	9.00	10.50	0.61	17.2	[illegible]	5.7	98.4
1960	18.00	10.38	14.19	0.94	[illegible]	0.65	4.6	69.1
1962*	9.00	5.60	7.30	0.48	15.2	0.17	2.3	35.4
1965	14.00	9.25	11.63	1.15	[illegible]	0.29	2.4	25.2
1966	21.25	12.50	16.88	1.35	12.5	[illegible]	2.1	25.9
1967	40.00	[illegible]	[illegible]	[illegible]	19.5	[illegible]	1.2	24.3
1968**	[illegible]	[illegible]	[illegible]	[illegible]	31.9	0.20	1.6	52.6
1969	[illegible]	[illegible]	[illegible]	0.44	28.7	0.18	1.4	40.9
1970	13.50	6.50	10.00	0.48	20.8	0.23	2.3	47.9
1971	14.00	10.75	12.38	0.55	[illegible]	0.37	3.0	67.3
1972	17.25	12.50	14.88	0.59	25.2	0.43	2.9	72.9
1973	15.00	8.38	11.69	0.60	[illegible]	0.40	3.4	66.7
1974	10.63	[illegible]	8.07	0.58	13.9	0.50	[illegible]	86.2
1975	9.88	6.63	8.26	0.70E	11.8	0.50	6.1	71.4

Notes: * - Stock split 5-for-1 in July 1962.
** - Stock split 5-for-1 in July 1968.
E - Estimated

Sources: Financial Post Corporation Service; Annual Reports.

Table B-25

STANDARD BROADCASTING CORPORATION LIMITED

AVERAGE ANNUAL APPRECIATION IN SHARE PRICE, 1946-75
(Percentages)

1946-55	1955-65	1965-75	1946-60
3.3	23.1	10.1	4.2

Table B-26

STANDARD BROADCASTING CORPORATION LIMITED

NUMBER OF COMMON SHAREHOLDERS, 1968-75

Year	Number of Shareholders
1968	1,133
1969	2,356
1970	2,374
1971	2,317
1972	2,052
1973	1,975
1974	2,000
1975	2,016

HOLLINGER MINES LIMITED

FINANCIAL HISTORY

HOL, a holding and operating company with investment interests in iron ore and Noranda and an operating interest in gold, recorded total revenue of $19.7 million and net income of $3.8 million on total assets of $85.2 million in 1961. In the year ended December 31, 1975, this major iron ore investor reported revenues of $38.8 million and net income of $13.5 million on total assets employed of $147.8 million. (See Table B-27.)

The erratic record may be attributed to several things but most notably strikes, varying shipment levels of iron ore and a change in accounting procedures whereby Hollinger began to use equity accounting for its interest in Iron Ore Company of Canada in 1971.

Since Argus acquired its position, HOL has been building an increasing working capital position as shown in Table B-28.

As reported in the 1974 Annual Report, management has decided that it would be better in future to invest surplus funds not required for mining operations in other diversified investments.

REVENUE ANALYSIS

HOL's four major sources of income are royalties on iron ore, dividends, interest and gold mining (Table B-29).

Since 1970, HOL has included in revenue on the equity basis its proportionate share of profit or loss of Iron Ore Company of Canada, in which it has a substantial interest. Dividends received by HOL after 1969 come from its holdings in Noranda Mines and other investments. Interest income is derived from the company's short-term deposits, which totalled $33.7 million at December 31, 1974.

PROFIT ANALYSIS

HOL's profit analysis is given in Table B-30.

STOCK PRICE AND DIVIDEND ANALYSIS

HOL's stock price, earnings, equity per share and dividend record is summarized in Table B-31.

Based on the average common share price, HOL's stock appreciated at an average annual rate of 0.8% from 1961 to 1975. A breakdown of this growth pattern is given in Table B-32.

HOL has paid a dividend every year since Argus acquired its interest position in 1961.

SHARE OWNERSHIP

HOL's breadth of shareholdings since 1965 is given in Table B-33.

The decline was 43% from 1965 to 1975.

Table B-27

HOLLINGER MINES LIMITED

FINANCIAL SUMMARY, 1961-75
(Millions of Dollars)

Year	Total Revenue	Net Income	Earnings per Share ($)	Total Assets	Total Invested Capital	Return on Total Invested Capital (%)	Equity Total	Equity Per Share* ($)	Return on Equity (%)
1961	19.7	3.8	0.78	85.2	81.7	4.7	62.7		6.1
1962	25.7	8.1	1.65	104.0	88.7	9.1	68.2		11.9
1963	25.0	8.2	1.67	99.1	88.4	9.3	71.4		11.5
1964	27.3	8.9	1.80	99.5	92.2	9.7	74.2		12.0
1965	27.3	9.5	1.94	100.9	95.9	9.9	77.3	20.05	12.3
1966	25.9	9.9	2.01	113.6	109.7	9.0	86.6	21.21	11.4
1967	25.5	11.6	2.37	119.2	116.0	10.0	92.4	22.80	12.6
1968	26.0	12.3	2.50	124.9	121.8	10.1	98.6	28.98	12.5
1969	20.6	9.9	2.01	124.7	122.8	8.1	100.1	30.52	9.9
1970	28.2	13.4	2.65	126.3	[illegible]	10.3	101.4	27.08	13.2
1971	24.0	12.2	2.48	132.7	130.0	9.4	105.8	29.42	11.5
1972	16.8	7.3	1.49	129.7	129.2	5.7	105.0	33.98	7.0
1973	26.1	12.2	2.40	136.0	135.1	9.0	109.3	39.39	11.2
1974	24.0	7.1	1.45	137.3	135.2	5.3	108.3	27.68	6.6
1975	38.8	13.5	2.73	147.8	142.8	9.5	113.6	28.99	11.9

Common shares outstanding at December 31, 1975: 4,920,000.

Average annual percentage growth in revenues, 1961-75: 1961-65, 8.5; 1965-75, 2.9.

Note: * - Based on shareholders' equity with adjustment for the difference between market and book value of securities.

Sources: Financial Post Corporation Service; Annual Reports of Hollinger Mines Limited.

Table B-28

HOLLINGER MINES LIMITED

WORKING CAPITAL, 1965-75
(Millions of Dollars)

Year	Working Capital
1965	15.9
1966	25.6
1967	3[illegible].0
1968	29.0
1969	30.0
1970	37.6
1971	37.9
1972	36.7
1973	3[illegible].4
1974	45.3
1975	46.6

Table B-29

HOLLINGER MINES LIMITED

REVENUE ANALYSIS, 1965-75
(Millions of Dollars)

	Revenues		Other Income				
Years	Royalties on Iron Ore	Gold and Silver Production	Iron Ore Co. Participation	Dividends	Interest	Sundry	Total Revenues
1965	9.9	10.5		5.3	0.7	0.9	27.3
1966	9.6	8.0		6.5	1.2	0.6	25.9
1967	10.0	4.8		8.4	1.3	1.0	25.5
1968	12.1	2.3		8.7	1.4	1.2	26.0
1969	9.8	0.9		7.3	1.9	0.7	20.6
1970	14.4	0.8	6.7	3.4	2.3	0.6	28.2
1971	12.3	0.9	4.6	3.6	1.7	0.9	24.0
1972	9.1	1.4	0.7	3.5	1.7	0.4	16.8
1973	15.1	2.0	1.7	4.2	2.5	0.6	26.1
1974	19.7	2.7	(7.0)	5.2	2.9	0.5	24.0
1975	25.7	2.7		6.2	3.4	0.8	38.8

Source: Hollinger Annual Reports.

Table B-30

HOLLINGER MINES LIMITED

PROFIT ANALYSIS, 1965-75
(Millions of Dollars)

Year	Income from Operations	+	Other Income	=	Net before Taxes and Minority Interest
1965	8.6		8.1		15.3
1966	8.2		8.2		16.4
1967	8.1		10.7		18.8
1968	10.0		11.2		21.2
1969	7.3		9.9		17.2
1970	11.8		13.0		24.8
1971	9.9		10.8		20.7
1972	[illegible]		[illegible]		[illegible]
1973	13.4		9.0		22.4
1974	17.8		1.6		19.4
1975	[illegible]		[illegible]		[illegible]

Table B-31

HOLLINGER MINES LIMITED

STOCK PRICE AND DIVIDEND ANALYSIS, 1961-75

Year	Common Share Price High	Common Share Price Low	Common Share Price Average	Earnings Per Share	Average Price Earnings Multiple	Equity Per Share	Premium Average Price to Equity Share	Dividend	Average Yield	Dividend Payout
1961	$29.00	$19.00	$24.00	$0.78	30.8x			$0.60	2.5%	76.9%
1965	35.63	23.75	29.69	1.94	15.3	$20.05	48.1%	1.00	5.4	51.5
1966	28.13	19.13	23.63	2.01	11.8	21.21	11.4	1.00	4.2	49.8
1967	29.25	21.38	25.32	2.36	10.7	22.80	11.1	1.10	4.3	46.4
1968	35.00	26.25	30.63	2.50	12.3	28.98	5.7	1.20	3.9	48.0
1969	36.25	27.75	32.00	2.01	15.9	30.52	4.8	1.40	4.4	69.7
1970	36.75	26.00	31.38	2.65	11.8	27.08	15.9	1.50	4.8	56.6
1971	43.38	33.50	38.44	2.48	15.5	29.42	30.7	1.60	4.2	64.5
1972	44.63	37.50	41.06	1.49	27.6	33.98	20.8	1.60	3.9	107.4
1973	50.00	42.00	46.00	2.40	19.2	39.39	16.8	1.60	3.5	66.7
1974	47.00	20.75	33.88	1.45	23.4	[illegible]	[illegible]	[illegible]	4.7	103.4
1975	31.50	22.00	26.75	2.73	11.9	28.99	n.a.	1.65	6.2	60.4

Notes: n.a. - not available.

Sources: Financial Post Corporation Service; Annual Reports.

Table B-32

HOLLINGER MINES LIMITED

AVERAGE ANNUAL APPRECIATION (DECLINE) IN SHARE PRICE, 1961-75
(Percentages)

1961-65	1965-75	1961-75
5.1	(1.0)	0.8

Table B-33

HOLLINGER MINES LIMITED

NUMBER OF COMMON SHAREHOLDERS, 1965-75

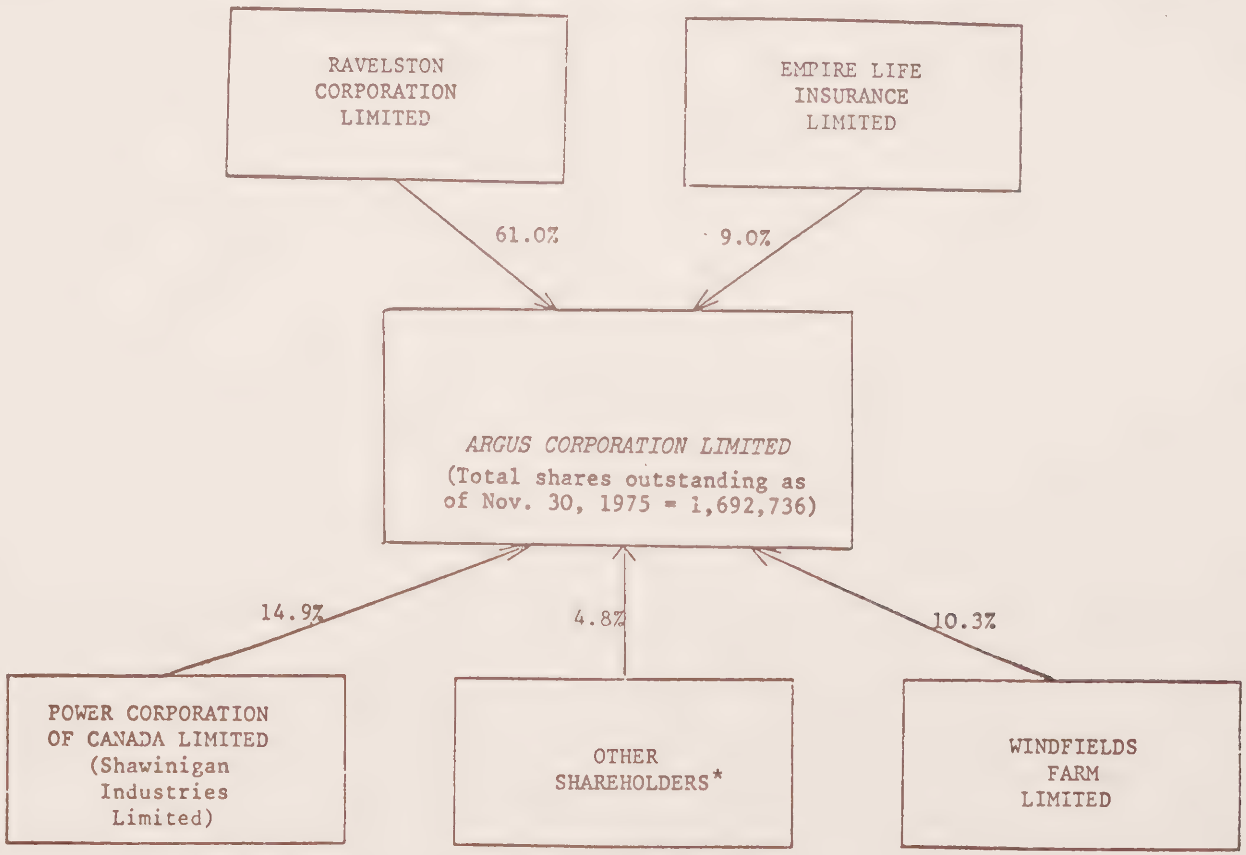
Year	Number of Shareholders
1965	7,868
1966	7,767
1967	7,271
1968	6,552
1969	6,137
1970	5,756
1971	5,446
1972	5,162
1973	4,797
1974	4,561
1975	4,477

APPENDIX C

CORPORATE RELATIONSHIPS, 1975

Figure C-1

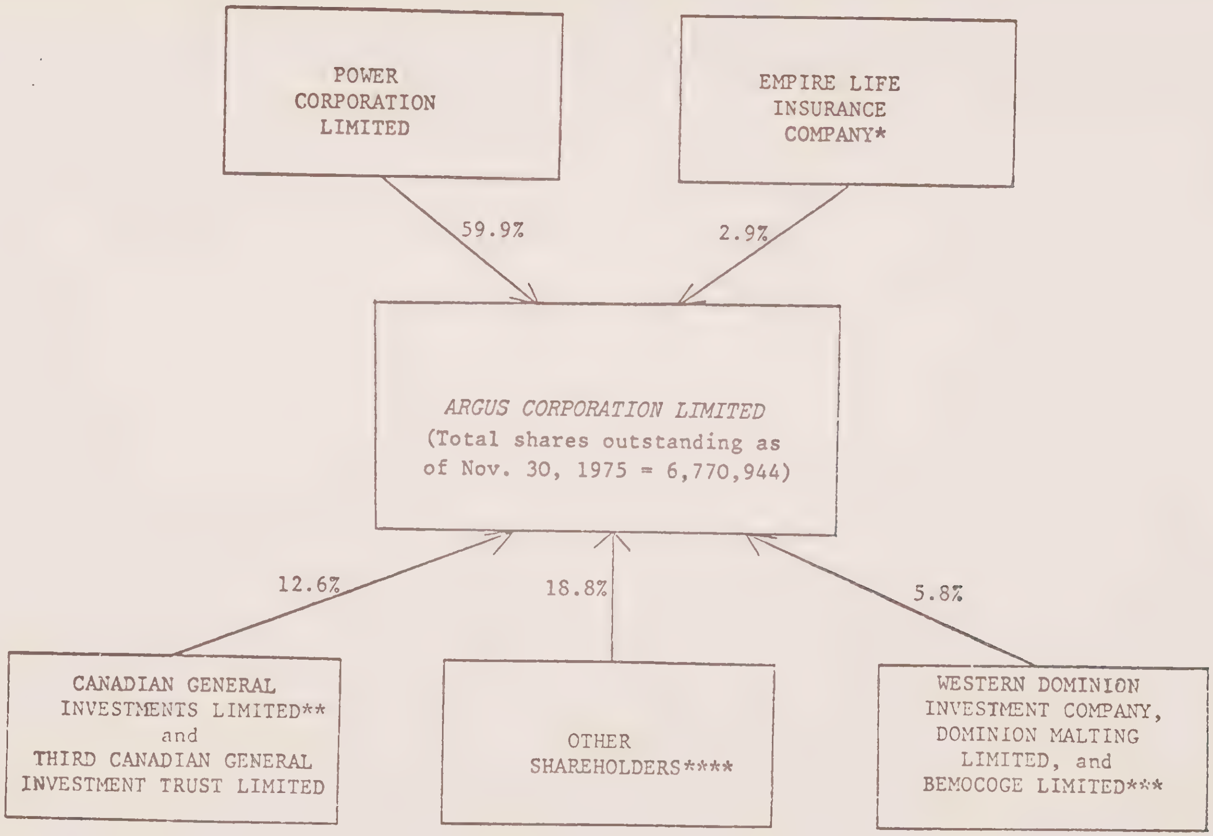
PRINCIPAL VOTING (COMMON) SHAREHOLDERS OF ARGUS CORPORATION LIMITED



* See Appendix D, p. 188.

Figure C-2

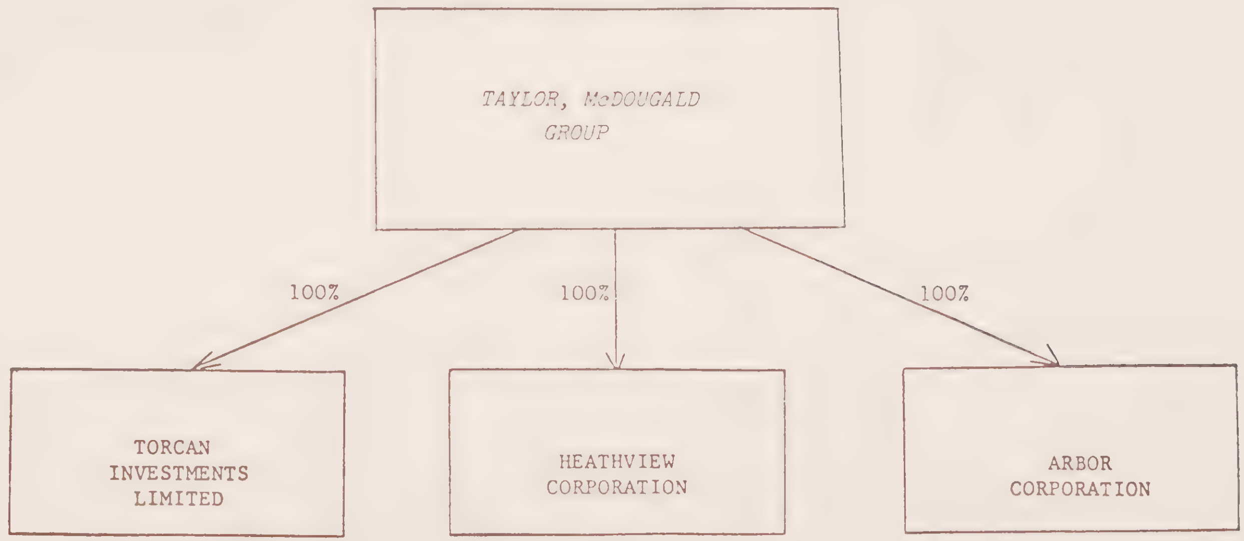
PRINCIPAL CLASS C PREFERRED SHAREHOLDERS OF ARGUS CORPORATION LIMITED



Notes: * The Empire Life Insurance Company and other companies associated with H.N.R. Jackman.
** Controlled by M.C.G. Meighen.
*** Controlled by George C. Black, Jr.
****See Appendix D, p. 189.

Figure C-3

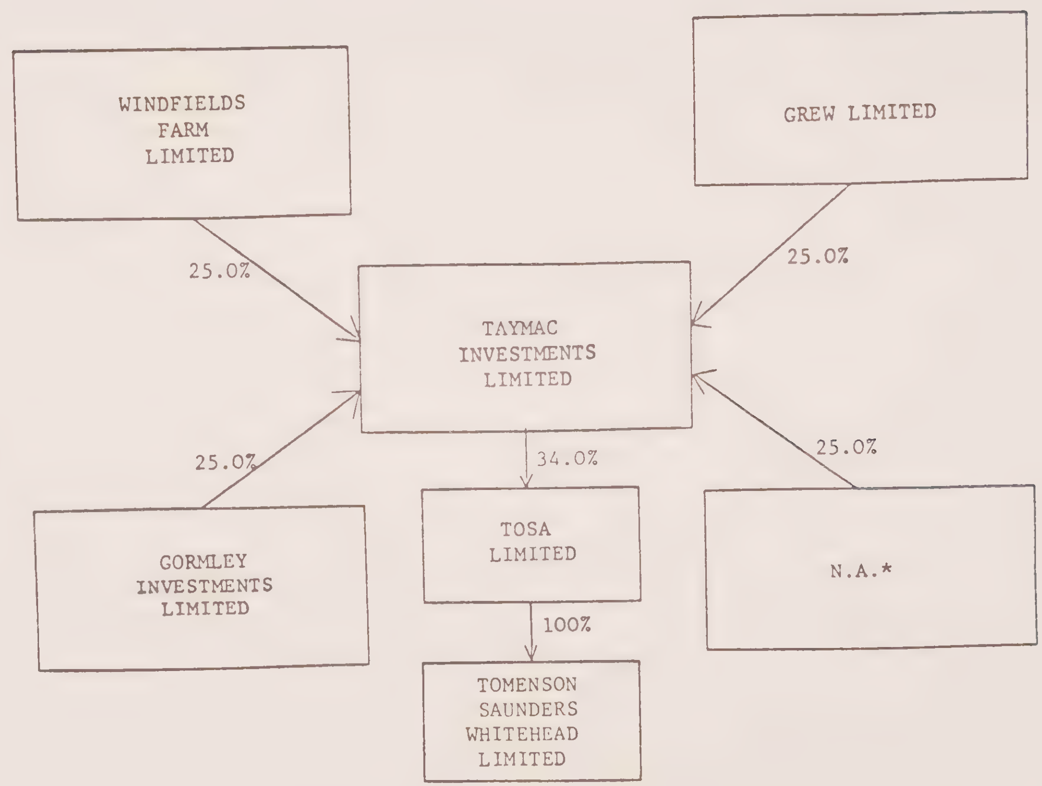
INTER-CORPORATE RELATIONSHIPS OF THE TAYLOR, McDOUGALD GROUP



Source: Inter-Corporate Ownership (Ottawa: Statistics Canada, 1974).

Figure C-4

PRINCIPAL SHAREHOLDERS OF TAYMAC INVESTMENTS LIMITED

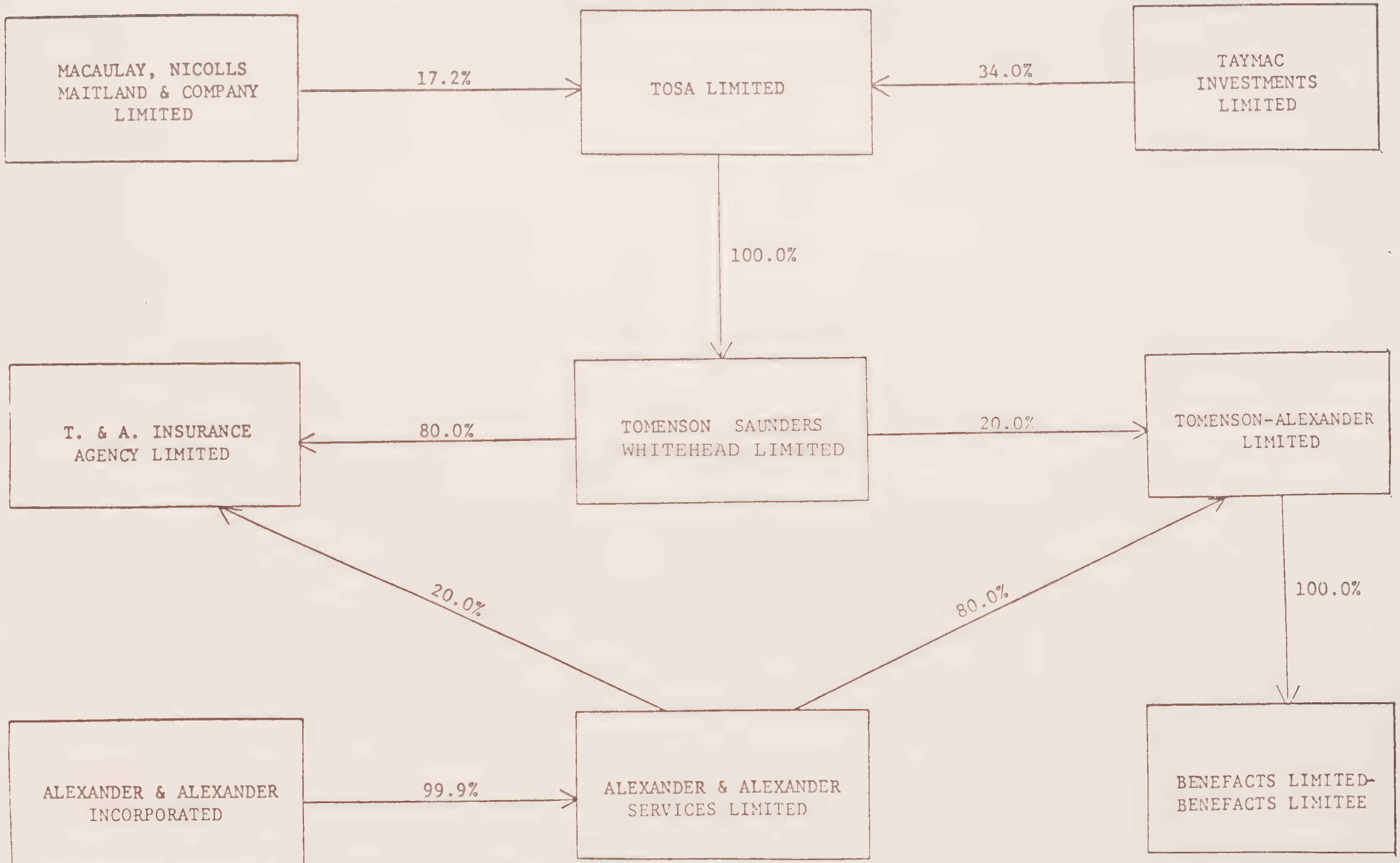


Note: * It is believed that a company indirectly controlled by J.A. McDougald owns this 25% interest.

Source: Inter-Corporate Ownership.

Figure C-5

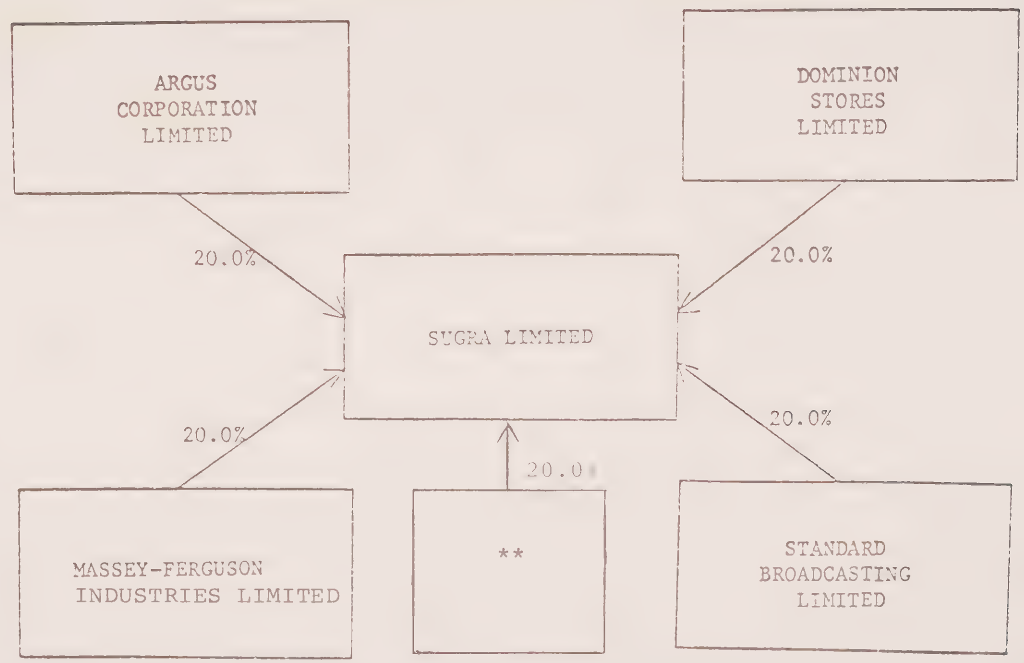
INTER-CORPORATE OWNERSHIP OF COMPANIES IN WHICH TAYMAC INVESTMENTS LTD. AND TOMENSON SAUNDERS WHITEHEAD LIMITED HAVE AN INTEREST



Source: Inter-Corporate Ownership.

Figure C-6

PRINCIPAL SHAREHOLDERS OF SUGRA LIMITED*



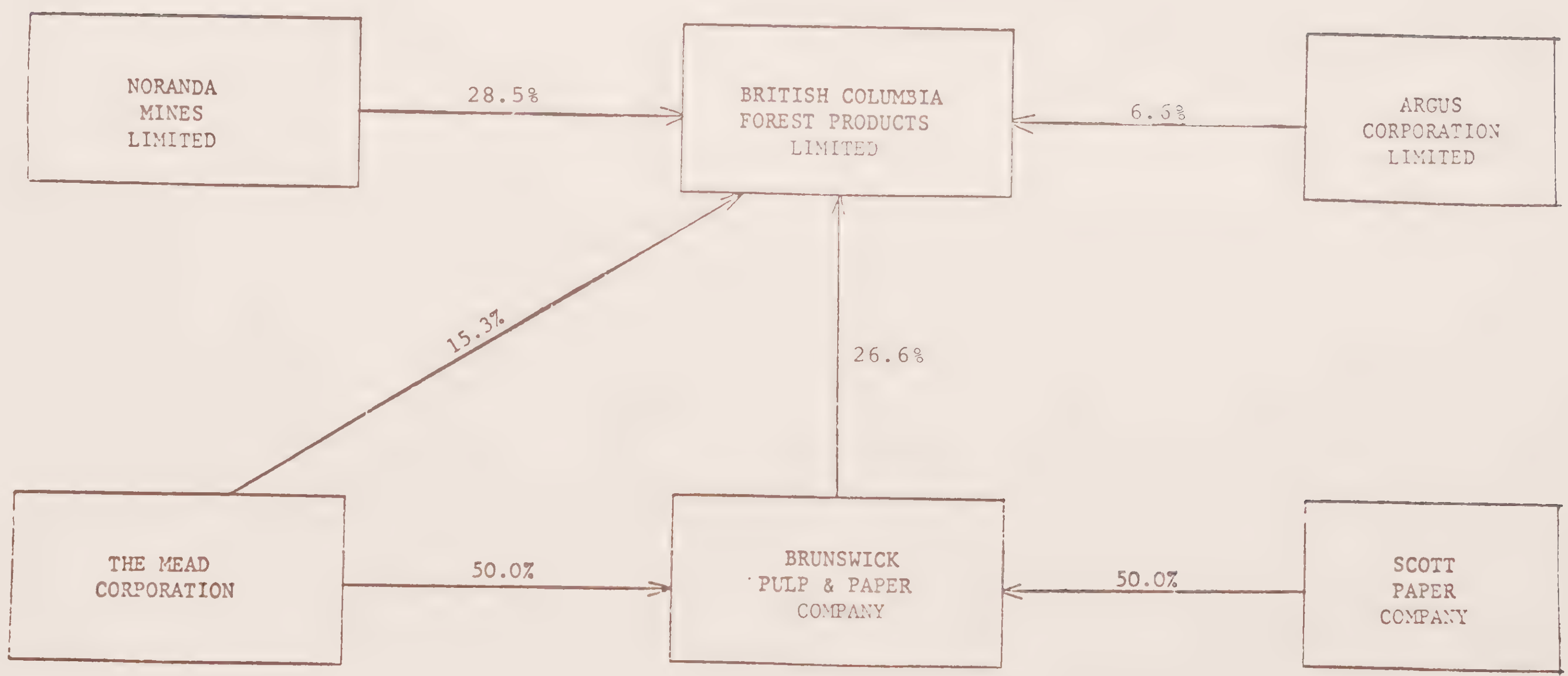
Notes: * Sugra (Argus spelled backwards) Limited owns a jet plane that is used by its shareholders, who are charged on a per-hour-of-use basis.

** Remaining 20.0% unknown.

Source: Inter-Corporate Ownership.

Figure C-7

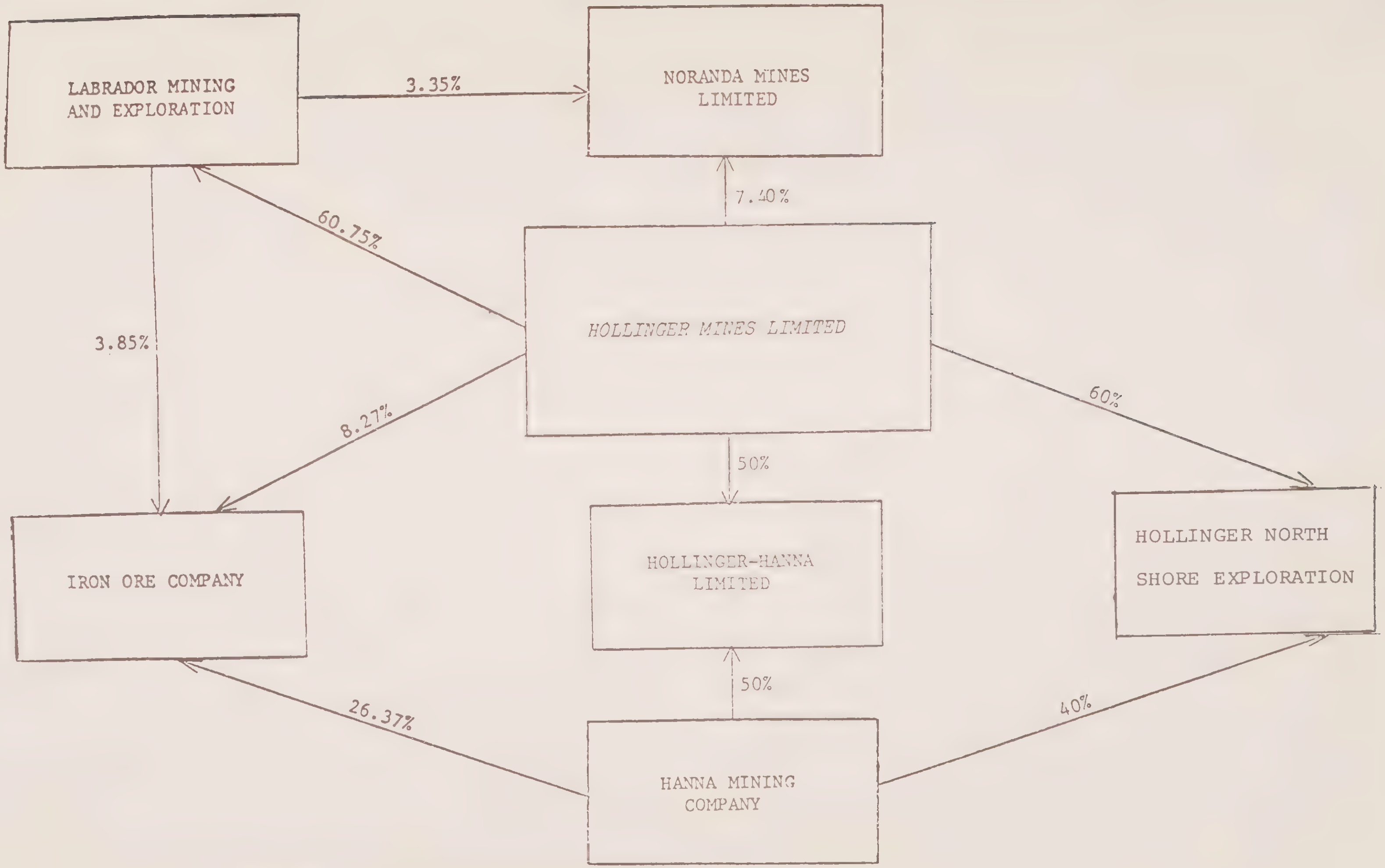
PRINCIPAL SHAREHOLDERS OF BRITISH COLUMBIA FOREST PRODUCTS LIMITED



Source: Inter-Corporate Ownership; British Columbia Forest Products Limited.

Figure C-8

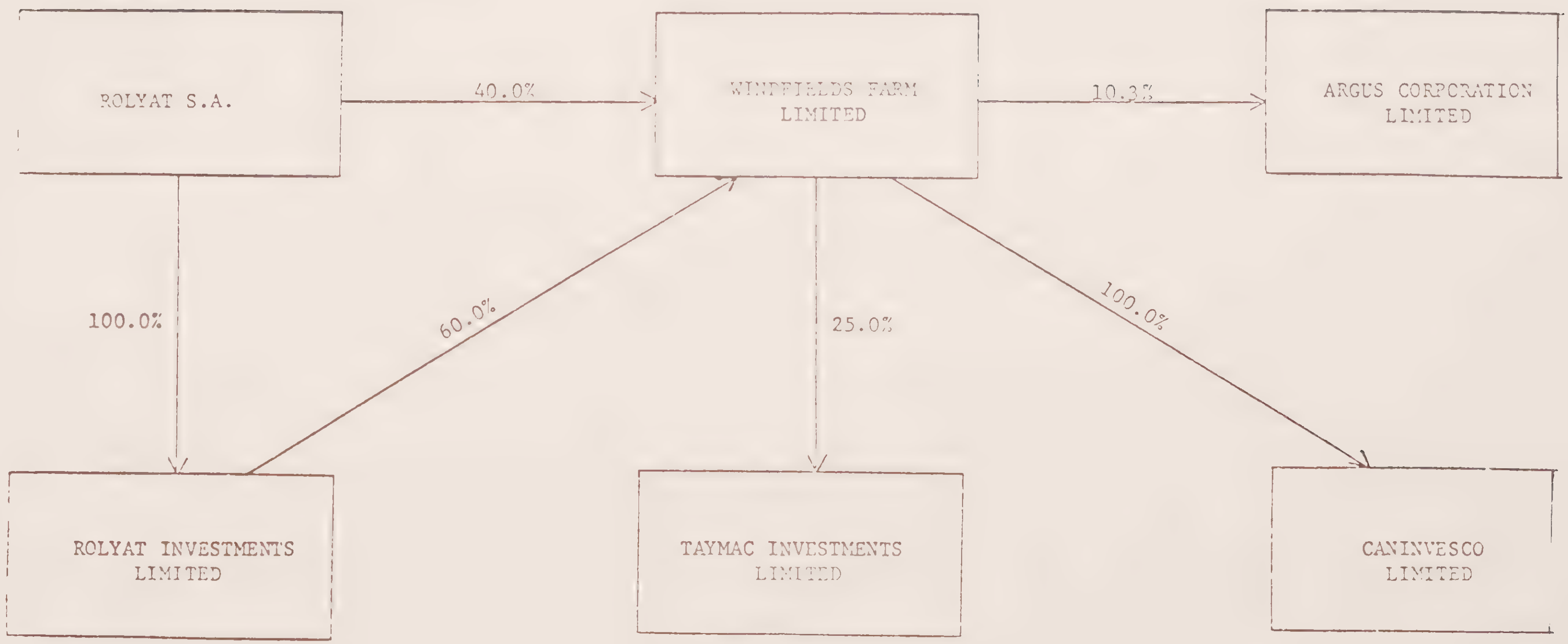
HOLLINGER MINES LIMITED CORPORATE RELATIONSHIPS



Source: Inter-Corporate Ownership.

Figure C-9.

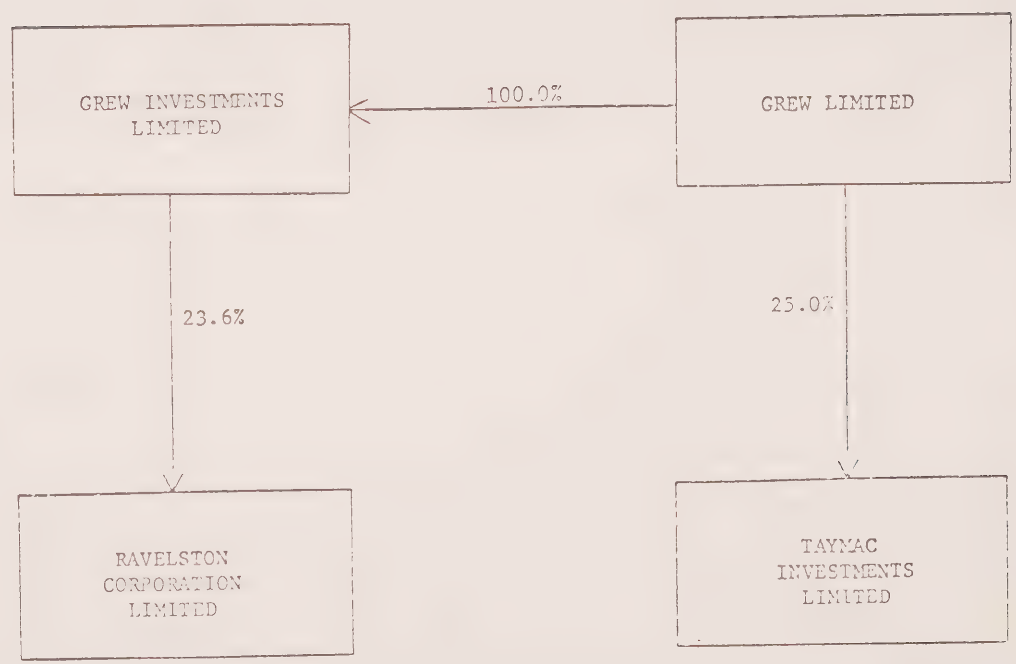
INTER-CORPORATE OWNERSHIP OF COMPANIES
IN WHICH EDWARD PLUNKET TAYLOR HAS AN INTEREST



Source: Inter-Corporate Ownership.

Figure C-10

INTER-CORPORATE OWNERSHIP OF COMPANIES
IN WHICH W.E. PHILLIPS HAD AN INTEREST*



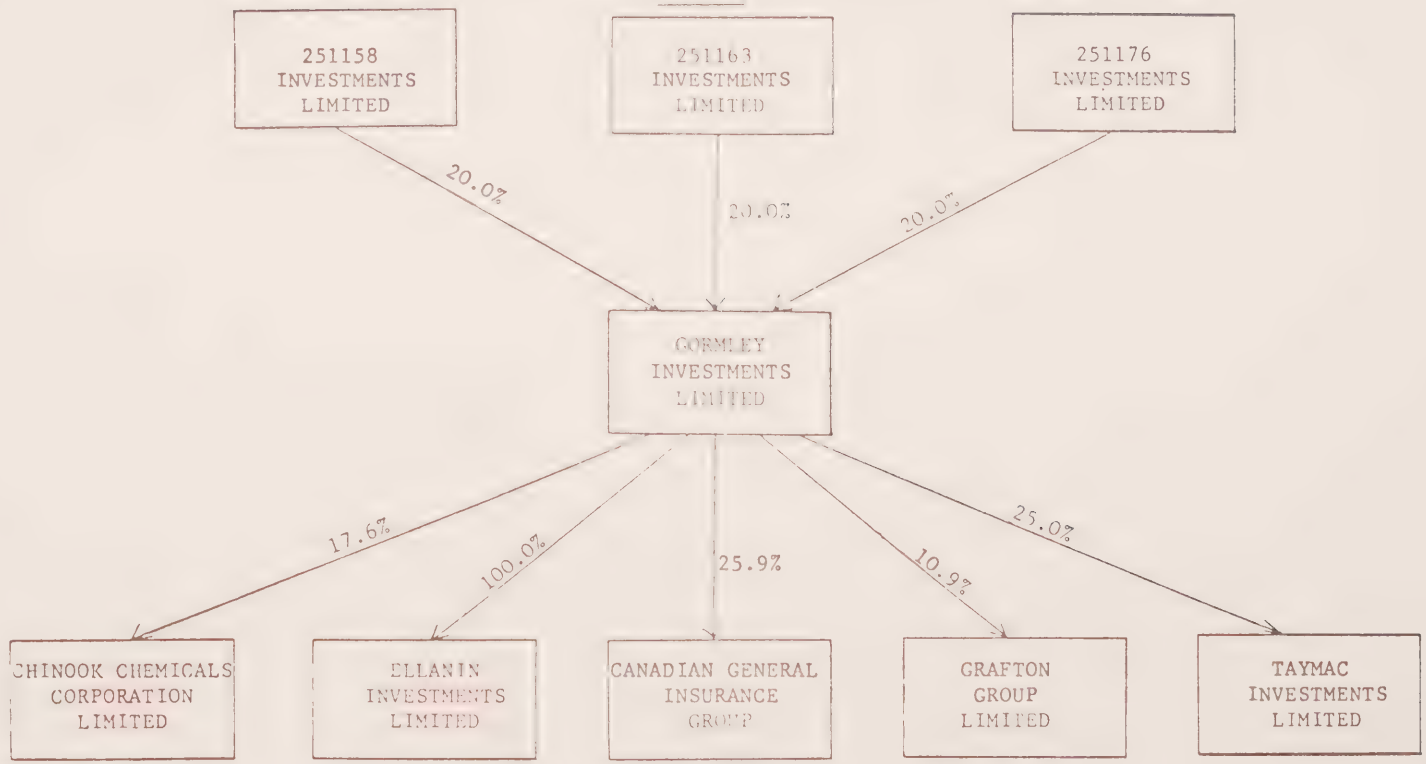
Note: * John A. McDougald is a trustee.

Source: Inter-Corporate Ownership.

Figure C-11

INTER-CORPORATE OWNERSHIP OF COMPANIES IN WHICH M.W. McCUTCHEON HAD AN INTEREST

Part A

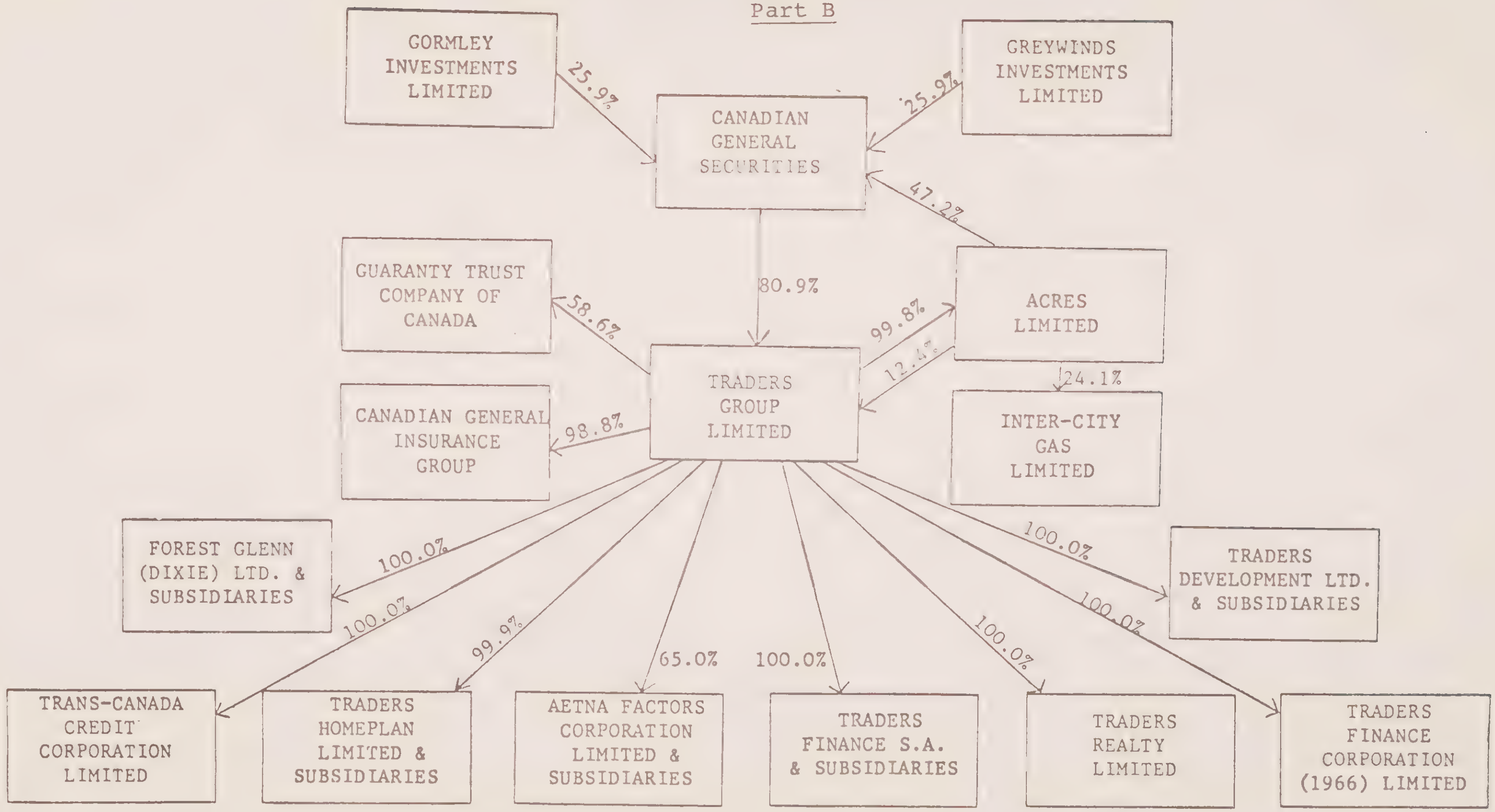


Source: Inter-Corporate Ownership, amended for Canadian General Insurance Group investment.

Figure C-11

INTER-CORPORATE OWNERSHIP OF COMPANIES IN WHICH M.W. McCUTCHEON HAD AN INTEREST

Part B

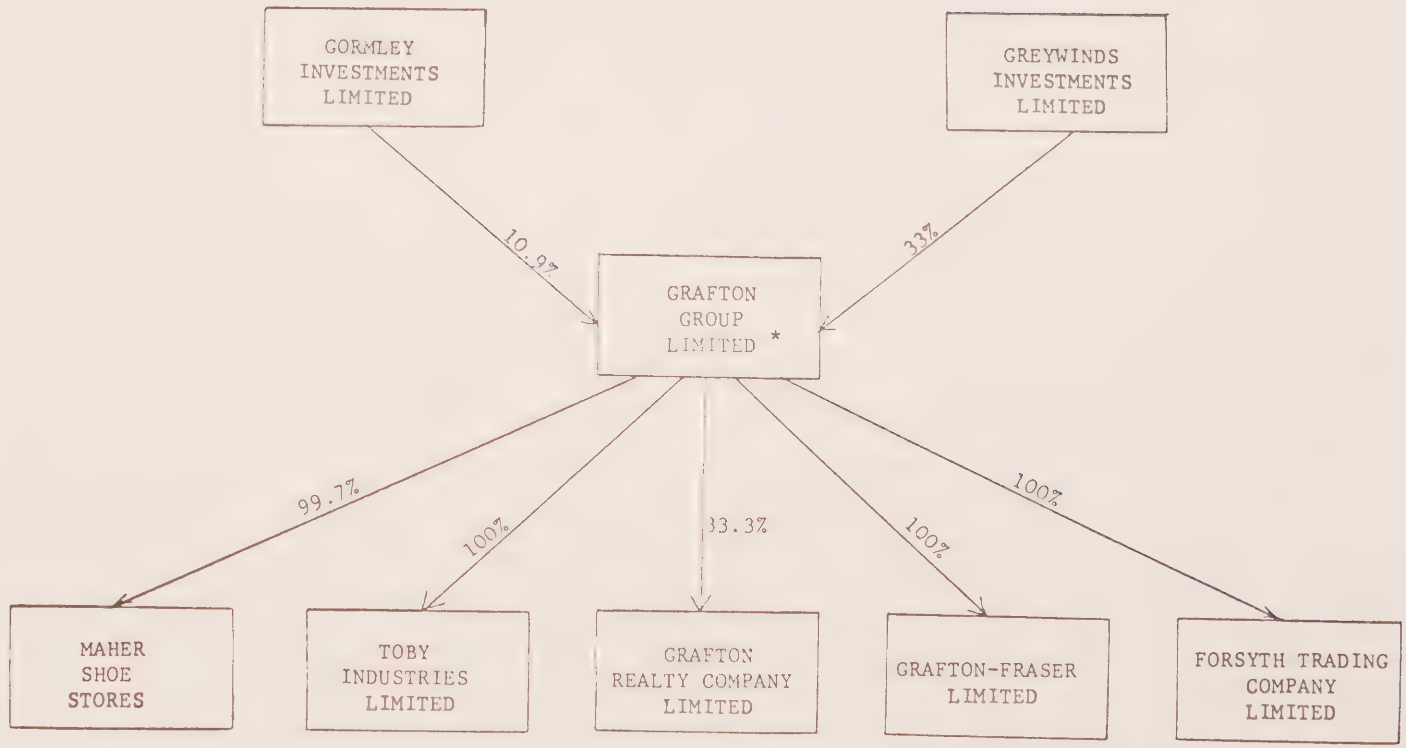


Source: Traders Group Limited, prospectus dated April 20, 1976.

Figure C-11

INTER-CORPORATE OWNERSHIP OF COMPANIES
IN WHICH M.W. McCUTCHEON HAD AN INTEREST

Part C

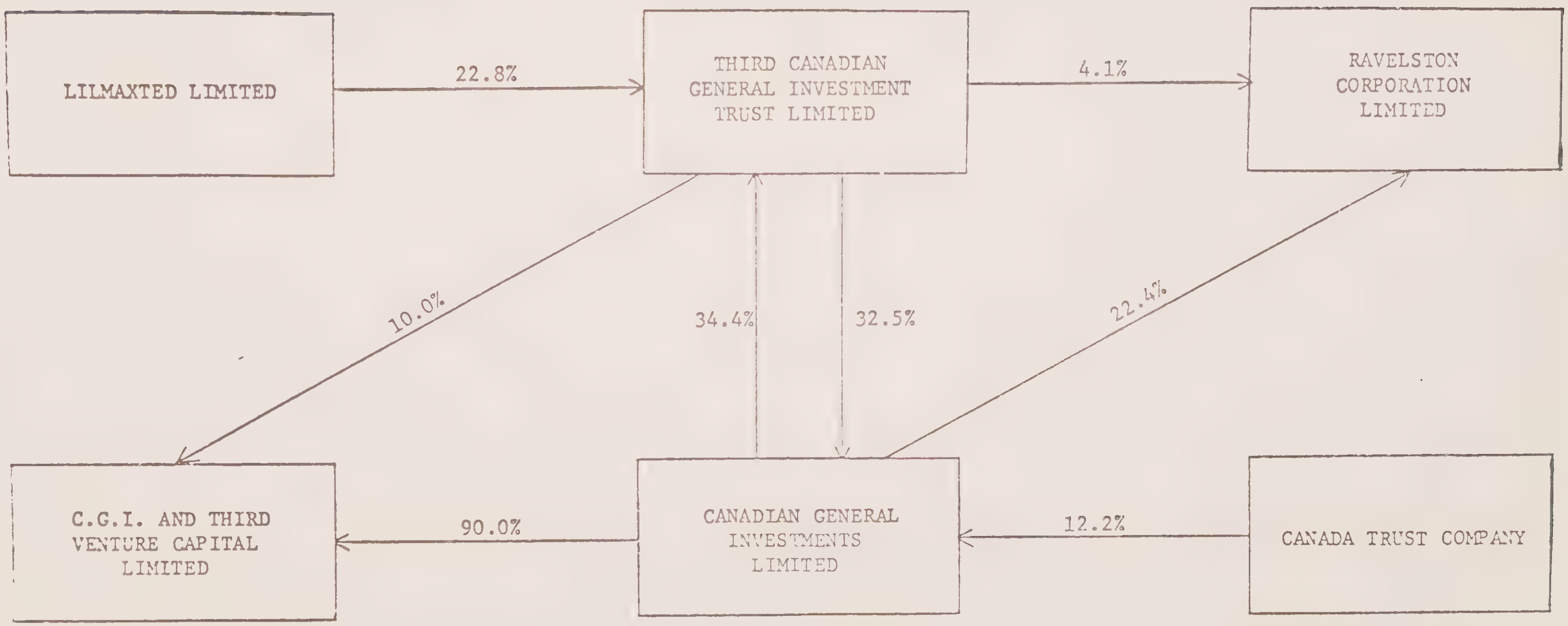


Note: *G.R. Chater owns 458,811 shares or 24% of Grafton Group through Greywinds Investments Limited, and 65,000 shares personally; W.A. Heaslip owns 202,261 shares of Grafton Group through Greywinds, and 20,000 shares personally.

Source: Financial Post Corporation Service.

Figure C-12

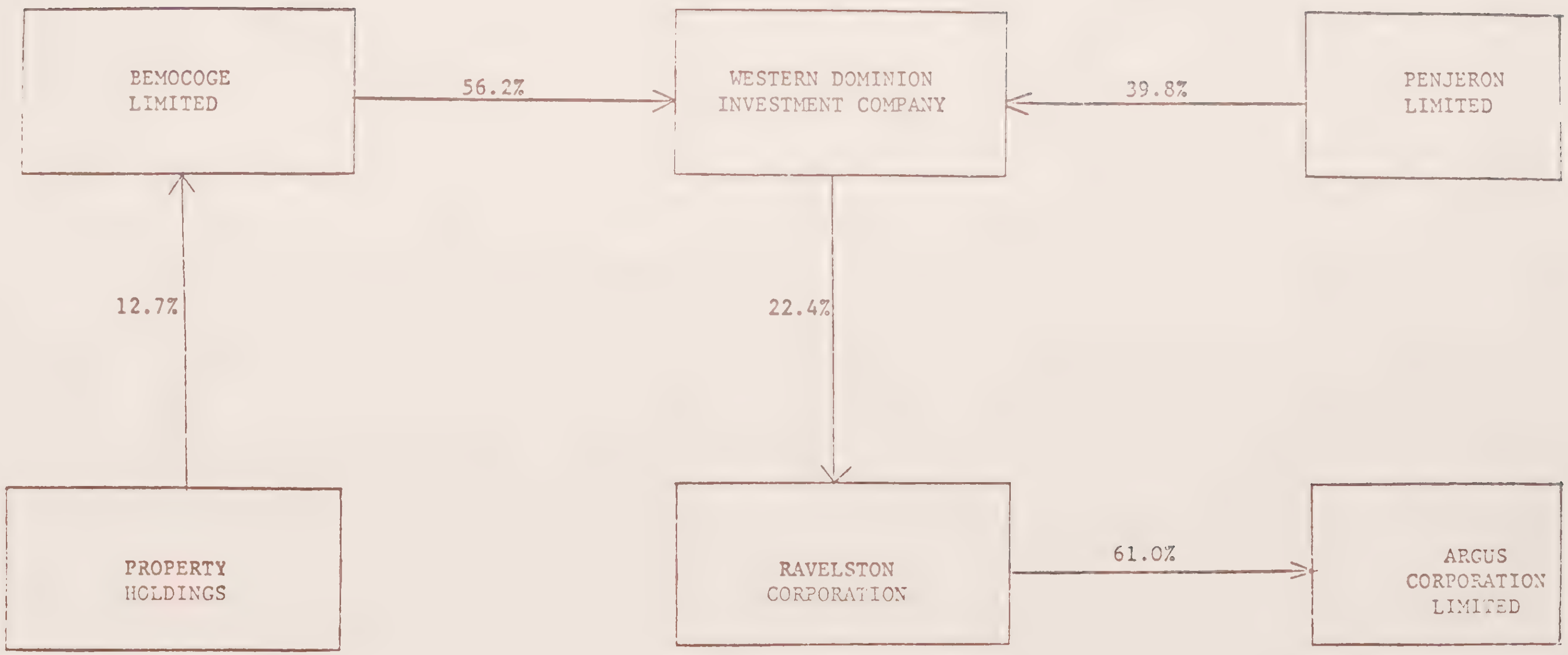
INTER-CORPORATE OWNERSHIP OF COMPANIES
IN WHICH MAXWELL C.G. MEIGHEN HAS AN INTEREST



Source: Inter-Corporate Ownership.

Figure C-13

INTER-CORPORATE OWNERSHIP OF COMPANIES
IN WHICH GEORGE M. BLACK, JR. HAS AN INTEREST



Source: Inter-Corporate Ownership.

APPENDIX D

SHAREHOLDINGS

Table D-1

ARGUS CORPORATION LIMITED

PRINCIPAL COMMON SHAREHOLDERS AS OF OCTOBER 31, 1975

Shareholder	Number of Shares	
The Ravelston Corporation Limited	1,032,575	
Shawinigan Industries Limited (Power Corporation)	175,484	
Windfields Farm Limited (E.P. Taylor)	174,997	
The Empire Life Insurance Company (H.N.R. Jackman)	134,513	
Roythree & Company	63,949	
Debenture & Securities Corp. of Canada	10,900	
Greenshields Limited	10,679	
Hopper & Company	10,000	
Indun & Company	3,900	
Parks & Company*	3,000	
Merrill Lynch Pierce Fenner & Smith Inc.	2,062	
A. Bruce Matthews	2,000	
Roycan & Co. No. 1 Acct. (Royal Bank)	1,765	
Frederick J. Haas	1,600	
Roycan & Company (Royal Bank)	1,125	
Maxwell C.G. Meighen	1,100	
Dr. R.G.N. Laidlaw	1,000	
Robert B. Moran	1,000	
Power Corporation of Canada	1,000	
Baker Irons & Dockstader, Inc.	1,000	
Max Kade Foundation Inc.	(less than 1,000)	
	1,633,649	97%
Total shares outstanding November 30, 1975	1,692,736	

* - New shareholder holding over 1,000 shares as at October 31, 1975.

Table D-2

ARGUS CORPORATION LIMITED

PRINCIPAL CLASS C PREFERRED SHAREHOLDERS AS OF OCTOBER 31, 1975

Shareholder	Number of Shares
Roythree & Company	4,053,038
Canadian General Investments Limited	730,000
Western Dominion Investment Company Limited	340,000
Roytor & Company	175,000
Third Canadian General Investment Trust Limited	120,000
Gee & Company	111,400
Jacquith & Company	73,476
Cudd & Company	66,500
Indun & Company	65,600
Dominion of Canada General Insurance Company	79,900
*Trust company(#01-369500-00-5)	55,000
Lister & Company	54,520
Dominion Malting Limited	46,000
John I. Haas Inc.	44,444
Hopper & Company	39,000
Dominion & Anglo Investment Corporation Limited	38,500
Canadian & Foreign Securities Company Limited	35,000
Hare & Company	34,000
Real Silk Hosiery Mills Inc.	32,500
Kane & Company	23,600
Empire Life Insurance Company	20,540
Gottesman & Company Inc.	15,580
Casualty Company of Canada	14,900
Roytor & Company	13,545
Wallace R. Nesbitt	10,000
*Parks & Company	10,000
Roycan & Company	8,220
Fortunato Porotto	8,200
Merrill Lynch Pierce Fenner & Smith Inc.	7,958
Haldor & Company	7,450
Robert A. Efroymson	6,600
Bansco & Company (Bank of Nova Scotia)	6,088
E & E Hart Holdings Limited	6,000
Spencer Corporation Limited	5,300
The Debenture & Securities Corporation of Canada	5,000
Max Kade Foundation Inc.	(less than 5,000 shs)
T.H. Marshall & C.E. Marshall	"
Bemocoge Limited	"
Trust company(#01-07150-5)	"
Total shares outstanding November 30, 1975	6,770,944

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* - New shareholder holding over 5,000 shares as at October 31, 1975.

Table D-3

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

PRINCIPAL SHAREHOLDERS AS OF NOVEMBER 30, 1975

Shareholder	Number of Shares	
Noranda Mines Limited	2,149,398	
Brunswick Pulp & Paper (Scott & Mead)	2,000,000	
The Mead Corporation	1,149,396	
Argus Corporation Limited	500,000	
The Royal Trust Company	141,800	
Brant Investments Limited (Royal Trust)	110,250	
Moncus & Company (Montreal Trust)	105,500	
Montreal Trust Company	65,000	
Roycan & Company (Royal Bank)	59,591	
Grator & Company (International Trust Co.)	62,500	
Guaranty Trust Company of Canada	47,300	
Bansco & Company (Bank of Nova Scotia)	40,800	
Front & Company	40,000	
Canada Permanent Trust Company	37,900	
Roytor & Company (Toronto-Dominion Bank)	29,380	
Vale & Company (Montreal Trust)	29,085	
Sun Life Assurance Company	26,600	
The Canada Trust Company	22,500	
	6,617,000	88%
Total shares outstanding December 31, 1974	7,534,868	

Table D-4

DOMINION STORES LIMITED

PRINCIPAL SHAREHOLDERS AS OF NOVEMBER 30, 1975

Shareholder	Number of Shares	
Argus Corporation Limited	2,000,000	
Gee & Company (Canadian Imperial Bank of Commerce)	633,622*	
Sun Life Assurance Company	378,800	
Roycan & Company (Royal Bank)	314,000	
Royal Trust Company	312,750	
Caisse de dépôt et de placement du Québec	248,200	
Gilbert Securities Limited (Royal Trust)	245,630	
Montreal Trust	189,000+	
Great West Life	170,000	
Brant Investments Limited (Royal Trust)	157,475	
Grator & Company (International Trust)	132,200	
Roytor & Company (Toronto-Dominion Bank)	100,856	
National Life	89,500+	
Canadian General Electric	82,600	
Robert D.& John B.Jameson	79,500	
Crown Life	74,800	
Canada Permanent Trust	60,000+	
National Trust	50,000+	
Mutual Life	44,000	
Teachers Retirement Fund	43,000	
Jane L. Lord	31,075	
Crown Trust	30,000+	
Province of Nova Scotia	30,000	
	5,497,008	65%
Canada Trust (numerous accounts)		
Total shares outstanding March 1975	8,509,691	

Notes: * - This may include holdings of Canada Packers.

+ - Other small accounts.

Table D-5

HOLLINGER MINES LIMITED

PRINCIPAL SHAREHOLDERS AS OF OCTOBER 31, 1975

Shareholder	Number of Shares	
Argus Corporation Limited	1,050,000	
Estate of John McMartin (Crown Trust)	410,900	
Brant Investments Ltd. (Royal Trust)	237,858	
Dumac (Bermuda) Limited	206,900	
Gilbert Securities Ltd. (Royal Trust)	168,749	
Montreal Trust (various accounts)	155,400+	
Royal Trust Company	149,400	
Caisse de dépôt de placement du Québec	138,600	
Domtar Limited	131,000	
Trust Général du Canada	125,000	
P.C. Finlay and John R. Finlay, Trustees, Melba McMartin Van Buren Trust	100,300	
P.C. Finlay and Donald D. Gunn, Executors, Estate of David Moffat Dunlap, deceased	88,405	
Monray & Company (Montreal Trust)	87,322	
Bahati Limited - Bermuda	78,880	
P.C. Finlay "R" Account	51,691	
John R. Finlay "JM" Account	46,042	
Roycan & Co. (Royal Bank)	63,146	
The Hanna Mining Company	59,400	
Canadian Pacific Ltd. Pension Trust Fund	56,200	
John R. Finlay, Executor and Trustee Estate of Melba McMartin Van Buren	24,053	
Percy C. Finlay, Gerald L. Timmins, Jr., and John R. Finlay, Executors of Estate of Gerald L. Timmins and Trusts	55,322	
Bankmont & Company (Bank of Montreal)	45,841	
Montreal Trust Trustees	45,000	
Sun Life Assurance Company	39,700	
Trust company (various accounts)	34,650+	
SICOVAM - Paris - France	28,650	
Longvale & Company (Royal Trust)	26,500	
The Mutual Life Assurance	21,000	
Bamacpan S.A.	20,000	
Bay & Company	18,375	
Gore & Company	18,312	
Margaret A. Crang	18,000	
Commercial Trust Company	15,625	
Newconex Holdings Limited	15,000	
	3,831,221	78%
Total shares outstanding (Class A and B together) October 31, 1975	4,920,000	

Table D-6

MASSEY-FERGUSON LIMITED

PRINCIPAL SHAREHOLDERS AS OF NOVEMBER 25, 1975

Shareholder	Number of Shares	
Argus Corporation Limited	3,000,000	
Caisse de dépot de placement du Québec	737,000	
Merrill Lynch Pierce Fenner & Smith Inc.	388,290	
Roytor & Co. (Toronto-Dominion Bank)	369,489	
Roycan & Co. (Royal Bank)	328,273	
Investors Mutual of Canada	295,910	
Bankmont & Co. (Bank of Montreal)	277,837	
Canada Trust Company	277,000	
Gee & Co. (Canadian Imperial Bank of Commerce)	273,503	
Stadacona Investments	247,000	
Gilbert Securities Ltd. (Royal Trust)	236,525	
Brant Investments (Royal Trust)	218,574	
Wood Gundy	168,541	
Canadian Pacific Limited	150,000	
Lake & Company (International Trust)	137,390	
Bansco & Company (Bank of Nova Scotia)	132,180	
Bay & Company	131,607	
Monray & Company (Montreal Trust)	113,404	
Sun Life Assurance Company	112,600	
Excelsior Life	110,600	
Burns Bros. & Denton	108,460	
Thomson Kernaghan & Co.	102,334	
Great West Life	80,000	
Midland Doherty	73,955	
Pitfield, Mackay, Ross & Co.	72,868	
Canadian General Investments	70,000	
Bongard, Leslie & Co.	62,665	
Gore & Co.	61,904	
Dow & Co.	60,125	
Canadian Pacific Investments	56,200	
Trust company	55,000	
Richardson Securities	53,560	
Vulcan Assets Dominion Ltd.	52,500	
Dean Witter & Co.	51,657	
National Trust	50,000	
Printel & Co.	50,000	
C.L. Gundy	50,000	
	8,816,951	48%
Total shares outstanding November 1975	18,250,350	

Table D-7

STANDARD BROADCASTING CORPORATION LIMITED

PRINCIPAL SHAREHOLDERS AS OF JUNE 9, 1975

Shareholder	Number of Shares	
Argus Corporation Limited	2,687,475	
Brant Investments Limited (Royal Trust)	298,920	
Canadian Pacific Express Pension Fund	35,000	
Canadian Pacific Limited Pension Trust Fund	220,000	
Canadian Pacific Subsidiary Pension Trust Fund	13,000	
Gilbert Securities Limited (Royal Trust)	247,875	
Estate J. Elsworth Rogers (Canada Permanent Trust)	197,375	
National Trust Company Limited (various accounts)	163,850	
Sun Life Assurance Company of Canada (various accounts)	160,900	
Grator & Company (International Trust) (2 accounts)	115,200	
North American Life Assurance Company	96,700	
Gee & Company (Canadian Imperial Bank of Commerce)	80,750	
The Mutual Life Assurance Company	69,825	
The Royal Trust Company in Trust	66,550	
Mrs. Elizabeth R. Bradely	59,375	
Trust company (various accounts)	52,185	
Canada Permanent Trust Company (various accounts)	45,185	
International Trust Company (2 accounts)	45,000	
Royal Institution for the Advancement of Learning	40,000	
Monray & Company (Montreal Trust) (2 accounts)	39,200	
Confederation Life Insurance Company (2 accounts)	36,900	
Tuck & Company (Royal Trust)	29,800	
	4,801,065	85%
Total shares outstanding March 31, 1975	5,629,500	

APPENDIX E

DIRECTORS

Table E-1

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS

FOR THE YEAR ENDED NOVEMBER 30, 1945

ARGUS CORPORATION	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED	MASSEY-HARRIS COMPANY LIMITED
W.E.Phillips-C		W.E.Phillips	W.E.Phillips
E.P.Taylor-P	E.P.Taylor-C	E.P.Taylor	E.P.Taylor
M.W.McCutcheon-VP	M.W.McCutcheon		
D.C.Baird			
W.L.Bayer	W.L.Bayer		W.L.Bayer
E.W.Bickle			
H.J.Carmichael			
J.S.Duncan			J.S.Duncan-P
P.W.Finlayson-S			
W.K.Fraser			
Roger Gilbert			
J.W.Horsey		J.W.Horsey-P	
K.S.Maclachlan			
H.R.MacMillan			
R.C.McMullen-T			
Allan Miller			
F.E. Notebaert			
S.F.Raymond			
J.S.D.Tory			
FUTURE ARGUS DIRECTORS		J.A.McDougald	
	Wilfrid Gagnon		
	J.A.Bohannon		
OTHER DIRECTORS AND OFFICERS	D.C.Betts-P	A.A.Beever-S	C.N.Appleton-VP&S
	C.F.W.Burns	S.G.Bennett	G.T.M.Bevan-VP
	W.C.Butler-S	R.R.Corson	E.H.Bloom-VP
	J.I.Carling	J.B.Jameson	F.G.Burgess-VP
	H.A. Cornwall-T	Fred McConnell-VP&T	J.H.Gundy
	I.R.Dowie-VP	Lucien Moraud	E.B.Housser
	T.G.Ferguson-VP	L.D.Squair-VP	W.K.Hyslop-VP
	Robert Fleming	*H.L.Walker*	F.J.Lash
	W.F.Hadley	E.G.Wills-C	W.Lattman-VP
	C.D.Magee		G.C.Leitch
	H.A.Taylor-VP		R.H.Metcalfe-VP
	F.N.Ward-VP		W.H.Moore
			F.K.Morrow
			M.F.Verity-VP
			C.W.Webster

Key: C-Chairman; VC-Vice-Chairman; P-President; VP-Vice-President; GM-General Manager; T-Treasurer; S-Secretary; the names in *italic* represent other important directorships.

STANDARD CHEMICAL COMPANY LIMITED	CANADIAN FOOD PRODUCTS LIMITED	ORANGE CRUSH LIMITED	DOMINION MALTING COMPANY LIMITED
W.E.Phillips			
E.P.Taylor	E.P.Taylor-C	E.P.Taylor-C	
	E.W.Bickle		
K.S.Maclachlan-P			
		R.C.McMullen-S	
Allan Miller			
			J.S.D.Tory
Thomas Arnold	H.R.Douglas-S	F.P.Curry-P	L.G.Barnes-S&T
A.F.Cooper-VP	*J.A.Gairdner*	*J.A.Gairdner*	*J.A.Gairdner*
Robert Fleming	D.H.Gibson	J.R.Langskill	C.E.Hayes
O.A.Hutton-VP	W.G.Lumbers-VP	E.H.Lindsay-GM	T.J.Rathjen-P
Hugh MacKay	H.L.Slater-T	R.B.Lindsay-VT	G.S.Snell-VP&GM
G.C.W.Millward-S	D.W.Smart	J.R.McKinley	D.A.Thompson
R.M.Sedgewick-VP	A.M.Talbot	W.G.Seigner-T	V.W.Tryon
J.E.Wilson-T	*H.L.Walker-P*	T.V.Venables	R.H.Webster
L.M.Wood			

Table E-2

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS

FOR THE YEAR ENDED NOVEMBER 30, 1946

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED	MASSEY-HARRIS COMPANY LIMITED
W.E.Phillips-C			W.E.Phillips	W.E.Phillips
E.P.Taylor-P	E.P.Taylor-P	E.P.Taylor-C	E.P.Taylor	E.P.Taylor
M.W.McCutcheon-VP	M.W.McCutcheon	M.W.McCutcheon		
D.C.Baird				
W.L.Bayer[1]		W.L.Bayer		W.L.Bayer
E.W.Bickle				
H.J. Carmichael				H.J. Carmichael
J.S.Duncan				J.S.Duncan-P
F.W.Finlayson-S				
W.K.Fraser				
Roger Gilbert				
J.W.Horsey			J.W.Horsey-P	
K.S.Maclachlan				
H.R.MacMillan				
R.C.McMullen-T				
Allan Miller				
F.E.Notebaert				
S.F.Raymond				
J.S.D.Tory				J.S.D.Tory
FUTURE ARGUS DIRECTORS	H.G.Munro-GM	Wilfrid Gagnon		
		J.A.Bohannon		
			J.A.McDougald	
			T.G.McCormack-T	
OTHER DIRECTORS AND OFFICERS	B.P.Alley	[illegible].Betts-P	A.A.Beevor-S	C.N.Appleton-VP&S
	[illegible].J.Culter-VP	F.W.Burns	S.G.Bennett	G.T.M.Bevan-VP
	[illegible].L.Daniels	W.C.Butler-S	R.R.[illegible]	H.H.Bloom-VP
	J.H.Lawson	J.I.Carling	J.B.Jameson	E.G.Burgess-VP
	Oscar Lundell-S	H.A.Cornwall-T	Lucien Moraud	J.H.Gundy
	Hugh MacKay	*Robert Fleming*	L.D.Squair-VP	H.B.Housser
	L.S. Mounce	W.F.Hadley	*H.L.Walker*	W.K.Hyslop-VP
	A.C.Taylor	C.D.Magee	E.G.Wills-[illegible]	W.Lattman-VP
		H.A.Taylor-VP		G.C.Leitch
		F.N.Ward-VP		R.H.Metcalfe-VP
				W.H.Moore
				J.A.Simard
				M.F.Verity-VP
				C.W.Webster

Key: See Table E-1, p. 196.

Note: 1. W.L. Bayer died in 1947

STANDARD CHEMICAL COMPANY, LIMITED	CANADIAN FOOD PRODUCTS LIMITED	ORANGE CRUSH LIMITED	ACADIA-ATLANTIC SUGAR REFINERIES, LIMITED	MACMILLAN (H.R.) EXPORT COMPANY LIMITED
W.E.Phillips				
E.P.Taylor-C	E.P.Taylor-C	E.P.Taylor-C	E.P.Taylor	
	M.W.McCutcheon			
	E.W. Bickle			
K.S.Maclachlan-P				
				H.R.MacMillan-P
Allan Miller				
Thomas Arnold	H.R.Douglas-S	H.L.Blue-GM	T.J.Dillon	E.B.Ballantine-VP
Robert Fleming	D.H.Gibson	F.C.Bull	J.C.H.Dussault	D.A.Baxter
W.N.Hall-VP	W.G.Lumbers-VP	L.F.Curry-P	J.A.Gairdner	J.M.Buchanan
Hugh MacKay	J.M.Pritchard	E.H.Hanson	P.R.Gardner-P	M.Collins
G.C.W.Millward-S	H.L.Slater-VP&T	J.E.Labelle	F.R.Graham-C	D.Dewar
R.M.Sedgewick-VP	W.P.Scott	R.B.Lindsay-VP	S.A.Hayden-VP&S	C.D.Escott-S&T
J.E.Wilson-VP&T	D.W.Smart	J.A.Robson-T	E.S.Johnston-T	G.Farrell
L.M.Wood	A.M.Talbot-VP	J.A.Stewart-S	H.M.Long	B.M.Hoffmeister
	H.L.Walker-P	F.G.Venables	D.H.McDougall	J.Lecky
			H.P.Robinson	H.T.Mitchell
			L.J.Seidensticker	H.C.Munro
				R.Shaw
				L.R.Scott-VP
				W.J.Van Dusen-VP
				H.H.Wallace

Table E-3

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1950

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED
W.E. Phillips-C		W.E. Phillips	W.E. Phillips
E.P. Taylor-P	E.P. Taylor-P	E.P. Taylor-C	E.P. Taylor
M.W. McCutcheon-VP	M.W. McCutcheon-VP	M.W. McCutcheon	M.W. McCutcheon
D.G. Baird			
E.W. Bickle			
J.A. Bohannon		J.A. Bohannon	
H.J. Carmichael			
J.S. Duncan			
H.H. Edmison-S			
Roger Gilbert			
J.W. Horsey			J.W. Horsey-P
K.S. Maclachlan			
D.A. McIntosh			
Allan Miller			
F.E. Notebaert			
S.F. Raymond			
J.S.D. Tory			
J.R. Wright-T			
FUTURE ARGUS DIRECTORS	J.A. McDougald	J.A. McDougald	J.A. McDougald
	H.G. Munro-VP&GM		
		G.M. Black, Jr.-P	
		Wilfrid Gagnon	
			T.G. McCormack-T
OTHER DIRECTORS AND OFFICERS	B.P. Alley-VP	D.C. Betts-VC	A.A. Beevor-S
	T.E. Burgess	C.F.W. Burns	S.G. Bennett
	T.L. Daniels-S	W.C. Butler-S	R.R. Corson
	J.H. Lawson	J.I. Carling	Ivor Crimp-VP
	Hugh MacKay	R.S. Caverhill	C.W. Foster-VP
	S.S. McKeen	E.A. Cornwall-T	J.B. Jameson
	A.C. Taylor	C.O. Dalton-VP	Lucien Moraud
		T.G. Ferguson-VP	J.E. Simard
		Robert Fleming	L.D. Squair-VP
		L.L. Gelbach	*H.L. Walker*
		W.F. Hadley	
		M.J. Kelly-VP	
		H.A. Taylor-VP	
		F.N. Ward-VP	
		C.S. Watson-VP	

Key: See Table E-1, p. 196.

Notes: 1. The merger of Massey-Harris Co. Ltd. with the Harry Ferguson farm machinery

companies was unanimously approved in September 1953.

2. As of April 30, 1951, Dominion Tar & Chemical acquired the business property and assets of Standard Chemical Co., Ltd.

MASSEY-HARRIS COMPANY, LIMITED	STANDARD CHEMICAL COMPANY LTD.	CANADIAN FOOD PRODUCTS LIMITED	ORANGE CRUSH LIMITED
W.E. Phillips	W.E. Phillips-C		
E.P. Taylor	E.P. Taylor	E.P. Taylor-C&P	E.P. Taylor
M.W. McCutcheon	M.W. McCutcheon	M.W. McCutcheon	M.W. McCutcheon
		E.W. Bickle	
H.J. Carmichael			
J.S. Duncan-C&P			
			J.W. Horsey-C&P
	Allan Miller		
J.S.D. Tory			
J.A. McDougald	J.A. McDougald	J.A. McDougald	J.A. McDougald
G.P. Campbell			
C.N. Appleton-VP&S	D.S. Calder-VP	H.R. Douglas	F.A. Dwyer-S&T
G.T.M. Bevan-VP	*Robert Fleming*	D.H. Gibson	E.G. Hanson
H.H. Bloom-VP	W.N. Hall	W.C. Lumbers-VP	J.E. Labelle
E.G. Burgess-VP&GM	*Hugh Mackay*	J.M. Pritchard	J.M. Thompson-VP&GM
H.J. Gundy	A.H. Martin-P	W.P. Scott	F.G. Venables
H.B. Housser	G. Millward-S	H.L. Slater-T	
W.K. Hyslop-VP	R.M. Sedgewick-VP	D.W. Smart	
W. Lattman-VP&GM	W.J. Strain	E.J. Spence-VP&GM	
G.C. Leitch	L.M. Wood	*H.L. Walker*	
W.W. Mawhinney-VP&GM			
R.H. Metcalfe-VP			
W.H. Moore			
J.A. Simard			
M.F. Verity-VP			
C.W. Webster			

Table E-4

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1955

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED	MASSEY-HARRIS FERGUSON LIMITED
W.E. Phillips-C		W.E. Phillips	W.E. Phillips	W.E. Phillips
E.P. Taylor-P	E.P. Taylor-C	E.P. Taylor-C	E.P. Taylor	E.P. Taylor
M.W. McCutcheon-VP	M.W. McCutcheon-VP	M.W. McCutcheon-VC	M.W. McCutcheon	M.W. McCutcheon
J.A. McDougald	J.A. McDougald	J.A. McDougald	J.A. McDougald	J.A. McDougald
D.G. Baird				
E.W. Bickle				
G.M. Black,Jr.		G.M. Black,Jr.-P		
H.J. Carmichael				H.J. Carmichael
J.S. Duncan[1]				J.S. Duncan-C&P
H.H. Edmison-S				
J.W. Horsey			J.W. Horsey-C	
K.S. Maclachlan				
H.R. MacMillan				
D.A. McIntosh		D.A. McIntosh		
Allan Miller				
H.G. Munro[2]	H.G. Munro-P			
S.F. Raymond				
J.N. Swinden-GM				
J.S.D. Tory				
J.R. Wright				
FUTURE ARGUS DIRECTORS		[illegible] Campbell-VP		
			A.B. Matthews	
			T.G. McCormack-P	
				A.A. Thornbrough-VP
			G.P. Campbell	G.P. Campbell
OTHER DIRECTORS AND OFFICERS	B.P. Alley-VP	E.I. Baker	A.A. Beevor-VP&T	C.N. Appleton-VP&S
	R.C. Andrews	L.C. Betts-VP	S.G. Bennett	G.T.M. Bevan-VP
	T.E. Burgess-VP	F.W. Burns	J.F. Carroll-VP	H.H. Bloom-VP
	W.W. Holland-VP	J.I. Carling	R.R. Corson	Henry Borden
	J.H. Lawson	F.S. Caverhill	Ivor Crimp-VP	E.G. Burgess-VP
	Hugh MacKay	H.A. Cornwall-T	R.S. Hansford-VP&GM	Charles L. Gundy
	W.R. MacKenzie	L.A. Daigle	E.C. Hiller-VP	H.B. Housser
	S.S. McKeen	W.E. Drewry-S	J.B. Jameson	H.G. Klemm-VP
	A.G. Rankin-VP&S	T.G. Ferguson-VP	Gerald Martineau	Walter Lattman-VP
	A.C. Taylor	Robert Fleming	N.H. Shaw-S	M.W. Mawhinney-VP
		L.L. Gelbach	J.E. Simard	R.H. Metcalfe-VP
		W.F. Hadley	S.T. Watson-VP	W.H. Moore
		F.N. Ward-VP	E.C. Went	L.T. Ritchie-VP
				J.A. Simard
				L.M. Sweeney-VP
				C.H. Thomas-VP
				M.F. Verity-FP
				C.W. Webster
				E.W. Young-VP

Key: See Table E-1, p. 196.

Notes: 1. Mr. James S. Duncan retired as a Director in 1956.
2. Mr. H.G. Munro died in 1957.

DOMINION TAR & CHEMICAL CO. LTD.	ST LAWRENCE CORPORATION LIMITED	CANADIAN FOOD PRODUCTS LIMITED	ORANGE CRUSH LIMITED
W.E. Phillips	W.E. Phillips		
E.P. Taylor-C&P	E.P. Taylor		
M.W. McCutcheon	M.W. McCutcheon-C	M.W. McCutcheon	M.W. McCutcheon
J.A. McDougald	J.A. McDougald	J.A. McDougald	J.A. McDougald-VP
		E.W. Bickle-C	
			J.W. Horsey-C
			D.A. McIntosh
H.R. MacMillan			
P.M. Fox	P.M. Fox-P		
R.D. Bell	Edouard Asselin	[illegible] Cowperthwaite-T	
Harold Crabtree	W.C.L. Barker	F.M. Draper-VP&GM	
R. Dupuis	A.K. Cameron	[illegible]	[illegible].A. Drummond-VP
K.R. Dwerryhouse	A.H. Campbell	[illegible]-S	[illegible].A. Dwyer-VP, S&T
W.N. Hall-VP	[illegible].W. Davison	[illegible].M. Pri[illegible]ard	[illegible].G. Hanson
S.A. Kerr-S&T	J.G. Dodd	W.[illegible]. S[illegible]t	[illegible].E. Labelle
J.G. Kirkpatrick	J.E.L. Duquet	[illegible].W. Sma[illegible]	[illegible].J. Ryan-VP
A.H. Marden-VP	H.C. Flood	[illegible].J. Sp[illegible]e-P	J.M. Thompson-P
D.S. Thomas-VP&T	G.B. Foster	W.P. Wilder	
L.O.P. Walsh	J.W. Fries-VP		
C.W. Webster	*Hugh Mackay*		
	J.E. Martin-S		
	Nathan Pitcairn		
	J.I. Rankin		
	Arthur Ross		
	D.J. Salls		
	N.A. Timmins,Jr-VP		
	L.A. Tucker-T		
	S.E. Williams-VP&GM		

Table E-5

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1960

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED	MASSEY-FERGUSON LIMITED
W. Eric Phillips-C	E.P. Taylor-C	W.E. Phillips	W.E. Phillips	W.E. Phillips-C
Edward Plunket Taylor-P	M.W. McCutcheon-	E.P. Taylor-C	E.P. Taylor	E.P. Taylor
M. Wallace McCutcheon-VP	J.A. McDougald	M.W. McCutcheon-VC	M.W. McCutcheon	M.W. McCutcheon
John A. McDougald		J.A. McDougald	J.A. McDougald-C	J.A. McDougald
David C. Baird				
E.W. Bickle				
George M. Black, Jr.				
H.J. Carmichael				H.J. Carmichael
H.H. Edison-S				
P.M. Fox[1]				
J. William Horsey			J.W. Horsey	
H.R. MacMillan[2]				
Angus McClaskey				
D.A. McIntosh		D.A. McIntosh		
S. Freeman Raymond				
J.N. Swinden-GM	J.N. Swinden			
J.S.D. Tory				
J.R. Wright-T				
FUTURE ARGUS DIRECTORS		Wilfrid Gagnon[3]		
		J.G. Campbell-VP		
			T.G. McCormack-P	
			A.B. Matthews	
				A.A. Thornbrough-P
			G.P. Campbell[4]	G.P. Campbell[4]
OTHER DIRECTORS AND OFFICERS	B.P. Alley-VP	D.C. Betts	[illegible].H. Abray	The Marquess of
	R.C. Andrews	C.F.W. Burns	A.A. Beevor-VP&T	Abergavenny
	A.F. Armstrong	J.D.W. Blyth-VP	S.C. Bennett	J.A. Belford-VP
	T.E. Burgess-VP	J.I. Carling	T.G. Bolton	Henry Borden
	G.N. Carleton	T.S. Carter	J.F. Carroll-VP	*Charles L. Gundy*
	C.D. Dickey, Jr.-P	J.B. Cross-VP	K.F. Chisholm-VP	H.G. Klemm-VP
	O.F. Lundell	I.K. Dowie-P	R.R. Corson	W. Lattman-VP
	J.L. Madden	W.E. Drewry-S	Ivor Crimp-VP	W.W. Mawhinney-VP
	T.B. McCabe	Arthur Elliott	J.S. Feggans-VP	L.L. Ritchie-VP
	S.S. McKeen	Robert Fleming	N.W. Lancaster	J.H. Shiner-VP
	G.W. Pepper	J.D. Fraser-T	A.A.J. Lewis-VP	J.A. Staiger-VP
	A.G. Rankin-VP&S	L.L. Gelbach	G. Martineau	K.C. Tiffany-VP
	A.C. Taylor	W.F. Hadley	M.B. Robertson	H.A. Wallace-VP
	W.H. Mulholland		H.H. Shaw-VP&S	*C.W. Webster*
			E.C. Went-VP	E.W. Young-VP

Key: See Table E-1, p. 196.

Notes: 1. P.M. Fox was elected a Director in 1956.
2. H.R. MacMillan resigned in 1964.
3. Wilfrid Gagnon elected to the Board in September 1961, died in September 1963.
4. C.P. Campbell was elected to the Board in December 1962 and was no longer a Director in 1964.

DOMINION TAR & CHEMICAL CO. LTD.	ST. LAWRENCE CORPORATION LIMITED	STANDARD RADIO LIMITED	HOLLINGER CONSOLIDATED GOLD MINES LIMITED
W.E. Phillips	W.E. Phillips	W.E. Phillips	
E.P. Taylor-C	E.P. Taylor		
M.W. McCutcheon-VC	M.W. McCutcheon-C	M.W. McCutcheon	
J.A. McDougald	J.A. McDougald	J.A. McDougald-C	J.A. McDougald
		E.W. Bickle - VP	
P.M. Fox	P.M. Fox-P		
H.R. MacMillan			
		A.B. Matthews	
		W.C. Thornton Cran P&T	A.A. McMartin
W.E. Adkins-VP	*Edouard Asselin-VP*	W. Leo Knowlton	*Edouard Asselin*
R.A. Bryce	A.K. Cameron	J.A. Ratcliffe	P.C. Finlay-S
C.G. Cockshutt	Arthur H. Campbell	Samuel Rogers-S	*C.D. Howe*
R.M. Collins-VP	J.E.L. Duquet		Duncan McMartin
R.W. Cooper	C.M. Fellows-VP		J.Y. Murdoch
H.R. Crabtree	H.C. Flood		E.A. Perry-GM
S.G. Dixon	George B. Foster		*John I. Rankin-T*
G.H. Dobbie	J.W. Fries-VP		Jules R. Timmins-C&P
R. Dupuis	C.D. Jentz-VP		*N.A. Timmins, Jr.*
P.N. Cross-VP	J.E. Martin-S		
Charles L. Gundy	W.H. Palm-VP		
R.T. Hager	Nathan Pitcairn		
W.N. Hall-P	W.T. Pound-VP		
C.D. Howe	*John I. Rankin*		
S.A. Kerr-S&T	Arthur Ross		
R.E. Kirbyson-VP	*N.A. Timmins, Jr.-VP*		
J.G. Kirkpatrick	L.A. Tucker-VP&T		
W.R. Spence-VP	S.E. Williams-VP		
D.S. Thomas-VP	James G. Wyllie-VP		
L.O.P. Walsh			
C.W. Webster			

Table E-6

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1965

ARGUS CORPORATION[1]	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	CANADIAN BREWERIES LIMITED	DOMINION STORES LIMITED	MASSEY-FERGUSON LIMITED
E.P. Taylor-P	E.P. Taylor	E.P. Taylor	E.P. Taylor	E.P. Taylor
J.A. McDougald-VP	J.A. McDougald	J.A. McDougald	J.A. McDougald-C	J.A. McDougald
[illegible].G. Baird				
T.N. Beaupré[2]	T.N. Beaupré-C			
G.M. Black,Jr.			G.M. Black,Jr.	
H.J. Carmichael				H.J. Carmichael
H.H. Edmison-S				
A.L. Fairley,Jr.[3]				
[illegible].M. Fox				
A.B. Matthews-VP[4]		A.B. Matthews-C	A.B. Matthews	A.B. Matthews
D.A. McIntosh		D.A. McIntosh		
A.A. McMartin				
M.C.G. Meighen			M.C.G. Meighen	M.C.G. Meighen
J.N. Swinden-GM	J.N. Swinden			
J.R. Wright-T				
FUTURE ARGUS DIRECTORS		J.G. Campbell-P	T.G. McCormack-P	A.A. Thornbrough-P
OTHER DIRECTORS AND OFFICERS	B.P. Alley-VP	D.C. Betts	L.H.M. Ayre	The Marquess of Abergavenny
	A.F. Armstrong	P.L. Bradfer-Lawrence	S.G. Bennett	J.W. Beith-VP&GM
	I.[illegible]. Barclay-VP&S	Jacques Brillant	R.F. Chisholm-VP	J.A. Belford-VP
	K.[illegible]. Benson	P.H. Bouffard	Ivor Crimp-VP	G.K. Blair-T
	T.[illegible]. Burgess-VP	C.F.W. Burns	*P.P. Daigle*	Henry Borden
	C.[illegible]. Dickey,Jr.	J.I. Carling	J. Scott Feggans-VP	J.J. Chluski-VP&GM
	A.[illegible]. Hamilton-P	[illegible].O. Dalton-VP	N.W. Lancaster	Lord Crathorne
	D.[illegible]. Lane-VP	[illegible].N. Davis-VP&GM	A.A.J. Lewis-VP	Leslie M. Frost
	O.[illegible]. Lundell	[illegible].G. Desmarais	Gerald Martineau	*Charles L. Gundy*
	S.[illegible]. McKeen	W.E. Drewry-S	N.A. Shaw-VP	G.W. Humphrey
	H.[illegible]. Mead	M.A. East	E.C. Went-VP	J.J. Jaeger-VP
	G.[illegible]. Pepper	Arthur Elliott		H.G. Kettle-VP
	A.[illegible]. Rankin-VP	J.D. Fraser-T		J.D. Leitch
	T.[illegible]. Rust-VP	L.L. Gelbach		R.W. Main-S
	H.[illegible]. Whitaker	F.L. Hovey-VP		J.E. Mitchell-VP
		J.G. Kirkpatrick		M.I. Prichard-VP
		A.S. Leach		J.H. Schiner-VP
		W.C. MacKenzie		J.G. Staigre-VP
		A.M. McGavin		K.C. Tiffany-VP
		J.M. McGrath		H.A. Wallace-VP
		J.[illegible]. Mayne		*C.W. Webster*
		G.[illegible]. Sharpe		S.R. Wilson
		G.[illegible]. Solomon		
		F.C. Sweet		

Key: See Table E-1, p. 196.

Notes: 1. W.E. Phillips, Chairman since its inception in 1945, died December 26, 1964. In August 1962, M. Wallace McCutcheon was appointed a member of the Senate of Canada and of the Federal Cabinet, necessitating his resignation as an officer and director. Mr. J.A. McDougald replaced McCutcheon as Vice-President on November 30, 1962. J.S.D. Tory, K.C., member of the Board of Directors since its inception in 1945, died in 1965.

2. T.N. Beaupré was elected to the Board in September 1964.

3. A.L. Fairley, Jr. was elected to the Board in December 1965.

4. A. Bruce Matthews, a member of the Board of Directors since September 1963 and of the Executive Committee, was elected a Vice-President of the company.

DOMTAR LIMITED	STANDARD RADIO LIMITED	HOLLINGER CONSOLIDATED GOLD MINES LIMITED	CANADIAN EQUITY & DEVELOPMENT CO. LTD.
E.P. Taylor			E.P. Taylor-C
J.A. McDougald	J.A. McDougald-C	J.A. McDougald-VP	
T.N. Beaupré			
	G.M. Black,Jr.		
		A.L. Fairley,Jr.-P	
P.M. Fox			
A.B. Matthews	A.B. Matthews		
	A.A. McMartin	A.A. McMartin-C	
M.C.G. Meighen	M.C.G. Meighen	M.C.G. Meighen	
J.N. Swinden			J.N. Swinden
			J.G. Campbell
	W.C. Thornton Cran-P		
	Hollis T. McCurdy-VP		
W.E. Adkins-VP	*P.P. Daigle*	Edouard Asselin	Angus McClaskey-P
G.W. Bourke	*G.B. Foster*	C.G. Cowan-S	D.F. Prowse
C.G. Cockshutt	Waldo J. Holden-VP	D.M. Dunlap	A.E. Thompson-S
R.M. Collins-VP	W. Leo Knowlton	P.C. Finlay-VP & T	R.C. Thornton-T
R.W. Cooper	J.H. Ratcliffe	Duncan McMartin	
H.R. Crabtree	D.A. Williams-VP,S&T	C.B. Ross-GM	
S.G. Dixon		J.R. Timmins-Hon.C.	
G.H. Dobbie		N.A. Timmins,Jr.-VP	
Raymond Dupuis			
J.E.L. Duquet			
C.M. Fellows-VP			
George B. Foster			
P.M. Fox			
Charles L. Gundy			
R.T. Hager			
W.N. Hall-P			
R.D. Harkness			
W.H. Howard			
S.A. Kerr-S&T			
R.E. Kirbyson-VP			
J.G. Kirkpatrick			
W.R. Lawson-VP			
Roger Létourneau			
H.E. Mason-VP			
W.H. Palm-VP			
Nathan Pitcairn			
Arthur Ross			
W.R. Spence-VP			
E.A. Thompson-VP			
J.T. Timmins			
C.W. Webster			

Table E-7

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1968

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED[3]	CANADIAN BREWERIES LIMITED[4]	DOMINION STORES LIMITED
E.P. Taylor-P	E.P. Taylor	E.P. Taylor	E.P. Taylor
J.A. McDougald-VP	J.A. McDougald		J.A. McDougald-C
D.G. Baird			
T.N. Beaupré	T.N. Beaupré-C		
G.M. Black, Jr.			George M. Black, Jr.
H.J. Carmichael			
W.C. Thornton Cran			
H.H. Edmison-S			
A.L. Fairley, Jr.			
P.M. Fox			
A.B. Matthews-VP			A.B. Matthews
T.G. McCormack[1]			T.G. McCormack-P
D.A. McIntosh		D.A. McIntosh	
A.A. McMartin			
M.C.G. Meighen			M.C.G. Meighen
J.N. Swinden-GM[2]	J.N. Swinden		
A.A. Thornbrough[1]			
J.R. Wright-T			
FUTURE ARGUS DIRECTORS		J.G. Campbell-P	
OTHER DIRECTORS AND OFFICERS	A.F. Armstrong	Joel W. Aldred	Stewart G. Bennett
	D.H. Baker-VP	Jacques Brillant	T.C. Bolton-VP
	I.A. Barclay-P	C.F.W. Burns	W.F. Capstick-VP
	K.P. Benson-VP	J. I. Carling	R.F. Chisholm-VP
	T.E. Burgess-VP	J.L. Dean	*P.P. Daigle*
	C.D. Dickey, Jr.	Sir Francis de Guingand	Nelson W. Lancaster
	N.R. Gish-S	Paul Desmarais	A.A.J. Lewis-VP
	D.E. Lane-VP	John H. Devlin-C	André Monast
	O.F. Lundell	M.A. East	N.H. Shaw-P
	A.M. McGavin	A.S. Leach	W.J. Stewart-VP&S
	H.T. Mead	W.C. MacKenzie	A. William Tomlin
	G.W. Pepper	J.C. Mayne	Joseph Voigt-VP
	I.G. Rust-VP	*A.M. McGavin*	E. Clifford Went-VP
	W.R. Steen	Renault St.-Laurent	
	H.E. Whitaker	John E. Shaffner	
	R.E. Wilson	G.E. Sharpe	
		G.C. Solomon	
		Wilmat Tennyson-VP	

Key: See Table E-1, p. 196.

Notes: 1. T.G. McCormack and A.A. Thornbrough were elected to the Board of Argus on December 5, 1966.
2. J.N. Swinden was elected to the Board of Argus in September 1968.
3. In January 1969, Noranda Mines Limited with The Mead Corporation purchased sufficient common shares from existing shareholders to give them control of BCFP. According to the 1969 BCFP Annual Report, they hold, directly or indirectly, 58% of the issued common shares. At the Annual General Meeting, J.W. McSwiney, Alfred Powis, J.D. Simpson and A.H. Zimmerman were elected to the Board. The four representatives from the Argus Corporation did not stand for re-election. Alfred Powis was elected Chairman of the Board.
4. On June 6 1968, Argus sold its entire holdings of Canadian Breweries Limited. J.G. Campbell, President of Canadian Breweries, elected to the Argus Board in 1967, tendered his resignation as a Director of Argus in 1968. He resigned as President of Canadian Breweries on June 30, 1969. P.J. Erasmus, former Vice-President Finance of Rothmans of Pall Mall Canada Limited, succeeded J.G. Campbell as President of Canadian Breweries. Paul Desmarais resigned as a Director on December 6, 1968. The following Board members resigned on August 6, 1969: J. Brillant, J.G. Campbell, M.A. East, W.C. MacKenzie, J.C. Mayne, A.M. McGavin, D.A. McIntosh, G.E. Sharpe and E.P. Taylor. The following new Directors were elected on August 6, 1969: P.J. Erasmus, H.E. Russell and S.S. Wilson.

MASSEY-FERGUSON LIMITED	DOMTAR LIMITED	STANDARD BROADCASTING CORPORATION LIMITED	HOLLINGER MINES LIMITED
E.P. Taylor	E.P. Taylor		
J.A. McDougald	J.A. McDougald	J.A. McDougald	J.A. McDougald-VP
	T.N. Beaupré	T.N. Beaupré	
		George M. Black, Jr.	
H.J. Carmichael			
		W.C. Thornton Cran-P	
	A.L. Fairley, Jr.		A.L. Fairley, Jr.-P
	P.M. Fox		
A.B. Matthews	A.B. Matthews	A.B. Matthews	
			A.A. McMartin-C
M.C.G. Meighen	M.C.G. Meighen	M.C.G. Meighen	M.C.G. Meighen
	J.N. Swinden		
A.A. Thornbrough-P			
		Hollis T. McCurdy-VP	
The Marquess of Abergavenny	G.W. Bourke	W.A. Corbett	Edouard Asselin
J.W. Beith-VP	R.W. Cooper	*P.P. Daigle*	C.G. Cowan-S
J.A. Belford-VP	H.R. Crabtree	*George B. Foster*	D.M. Dunlap
Henry Borden	Pierre Delagrave-VP	D.H. Hartford-VP	P.C. Finlay-VP&T
Lord Crathorne	G.H. Dobbie	W.J. Holden-VP	Duncan McMartin
Leslie M. Frost	Raymond Dupuis	W.L. Knowlton	C. Bruce Ross-GM
Charles L. Gundy	J.E.L. Duquet	D.A. Williams-VP,S&T	Jules R. Timmins-Hon. C.
G.W. Humphrey	*G.B. Foster*		N.A. Timmins, Jr.-VP
J.J. Jaeger-VP	*Charles L. Gundy*		
H.G. Kettle-VP	R.T. Hager		
J.D. Leitch	S.A. Kerr-VP&S		
R.W. Main-S	J.G. Kirkpatrick		
J.E. Mitchell-VP	Camille Lacroix		
M.I. Prichard-VP	W.R. Lawson-VP		
J.G. Staiger-VP	R.J. Moyse-VP		
K.C. Tiffany-VP	Roger Létourneau		
H.A. Wallace-VP	A.E. Penney-VP		
T.M. Ware	Nathan Pitcairn		
C.W. Webster	Arthur Ross		
J.P. Wleugel-T	J. Thomas Timmins		
P.J. Wright-VP	*C.W. Webster*		

Table E-8

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1970

ARGUS CORPORATION[1]	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	DOMINION STORES LIMITED	MASSEY-FERGUSON LIMITED
E.P. Taylor-C		E.P. Taylor	E.P. Taylor
J.A. McDougald-P		J.A. McDougald-C	J.A. McDougald
D.G. Baird			
T.N. Beaupré[2]			
G.M. Black, Jr.-VP		G.M. Black, Jr.	
H.J. Carmichael			H.J. Carmichael
W.C. Thornton Cran			
H.H. Edmison-S			
A.L. Fairley, Jr.			
P.M. Fox[3]			
A.B. Matthews-VP		A.B. Matthews	A.B. Matthews
T.G. McCormack		T.G. McCormack-P	
D.A. McIntosh			
A.A. McMartin			
M.C.G. Meighen-VP		M.C.G Meighen	M.C.G. Meighen
J.N. Swinden-GM			
A.A. Thornbrough			A.A. Thornbrough-P
J.R. Wright-T			
FUTURE ARGUS DIRECTORS		Alex E. Barron	
OTHER DIRECTORS AND OFFICERS	A.F. Armstrong	Lewis H.M. Ayre	The Marquess of Abergavenny
	D.H. Baker-VP	Stewart G. Bennett	J.W. Beith-VP
	I.A. Barclay-P	T.G. Bolton-VP	J.A. Belford-VP
	K.P. Benson-VP	W.F. Capstick-VP	R.D. Bibow-VP
	T.E. Burgess-VP	*P.P. Daigle*	Henry Borden
	C.D. Dickey, Jr.	N.W. Lancaster	P.N. Breyfogle
	N.R. Gish-S	André Monast	Lord Crathorne
	D.E. Lane-VP	N.H. Shaw-VP	Leslie M. Frost
	O.F. Lundell	W.J. Stewart-VP&S	J.D. Goodson-VP
	A.M. McGavin	A.W. Tomlin	*Charles L. Gundy*
	J.F. McLeod	Joseph Voigt-VP	G.W. Humphrey
	J.W. McSwiney	E.C. Went-VP	J.J. Jaeger-VP
	H.T. Mead		H.G. Kettle-VP
	G.W. Pepper		J.D. Leitch
	Alfred Powis-C		R.W. Main-VP&S
	D.A. Saunders		J.E. Mitchell-VP
	J.D. Simpson		M.I. Prichard-VP
	W.R. Steen		J.G. Staiger-VP
	H.E. Whitaker		H. Vajk-VP
	R.J. Whittle-VP		H.A. Wallace
	R.B. Wilson		T.M. Ware
	A.H. Zimmerman		*C.W. Webster*
			J.P. Wleugel-T
			P.J. Wright-VP

DOMTAR LIMITED	STANDARD BROADCASTING CORPORATION LIMITED	HOLLINGER MINES LIMITED
E.P. Taylor		
J.A. McDougald	J.A. McDougald	J.A. McDougald
T.N. Beaupré-C&P	T.N. Beaupré	
	G.M. Black,Jr.	
	W.C. Thornton Cran-P	
A.L. Fairley,Jr.		A.L. Fairley,Jr.-P
A.B. Matthews	A.B. Matthews	
		A.A.McMartin-C
M.C.G. Meighen	M.C.G. Meighen	M.C.G. Meighen
J.N. Swinden		
	Hollis T. McCurdy-VP	
R.W. Cooper	G.A. Burton	Edouard Asselin
H.R. Crabtree	*P.P. Daigle*	C.G. Cowan-S
Pierre Delagrave-VP	George B. Foster	D.M. Dunlap
G.H. Dobbie	D.H. Hartford-VP	P.C. Finlay- VP&T
J.E.L. Duquet	W.L. Knowlton	Duncan McMartin
Charles L. Gundy		C. Bruce Ross- GM
Roger T. Hager		J.R. Timmins
S.A. Kerr-VP&S		N.A. Timmins,Jr.-VP
J.G. Kirkpatrick		
Camille Lacroix		
Roger Létourneau		
J.P. Lunderville-VP		
R.J. Moyse-VP		
Nathan Pitcairn		
Arthur Ross		
J. Thomas Timmins		
G.L. Tomlinson-VP		
C.W. Webster		

Key: See Table E-1, p. 196.

Notes: 1. At the Argus annual meeting held on June 3, 1969, E.P. Taylor was elected Chairman of the Board; J.A. McDougald was elected President; G.M. Black, Jr., and M.C.G. Meighen were elected Vice-Presidents; and A.B. Matthews was elected Executive Vice-President.

2. T.N. Beaupré died in March 1974.

3. P.M. Fox tendered his resignation in June 1972.

Table E-9

ARGUS CORPORATION LIMITED

OFFICERS AND DIRECTORS AND THEIR RESPECTIVE DIRECTORSHIPS FOR THE YEAR ENDED NOVEMBER 30, 1974

ARGUS CORPORATION	BRITISH COLUMBIA FOREST PRODUCTS LIMITED	DOMINION STORES LIMITED	MASSEY-FERGUSON LIMITED
E.P. Taylor[1]			E.P. Taylor
J.A. McDougald-C&P		J.A. McDougald-C	J.A. McDougald
D.G. Baird[2]			
A.E. Barron[4]		A.E. Barron	A.E. Barron
G.M. Black,Jr.-VP		G.M. Black,Jr.	
H.J. Carmichael			
D.S. Chant[4]			
W.C. Thornton Cran[5]			
H.H. Edmison-S			
A.L. Fairley,Jr.			
A.B. Matthews-VP		A.B. Matthews	A.B. Matthews-VP
T.G. McCormack		T.G. McCormack-VC	
H.T. McCurdy			
D.A. McIntosh			
A.A. McMartin			
M.C.G. Meighen-VP		M.C.G. Meighen	M.C.G. Meighen
J.N. Swinden-GM			
A.A. Thornbrough			A.A. Thornbrough-P
J.R. Wright-I			
H.N.R. Jackman[6]			
OTHER DIRECTORS AND OFFICERS	A.F. Armstrong	*Lewis H.M. Ayre*	The Marquess of Abergavenny
	P.C. Baldwin	Stewart G. Bennett	D. Barker-T
	I.A. Barclay-P	T.G. Bolton-P	J.A. Belford-VP
	K.P. Benson-VP	W.F. Capstick-VP	P.N. Breyfogle-VP
	A.E. Bowling	*P.P. Daigle*	Henry Borden
	K.P. Clark-VP	A.C. Jackson-VP	Lord Crathorne
	Harry Dembicki-VP	N.W. Lancaster	J.D. Goodson-VP
	C.D. Dickey, Jr.	André Monast	*Charles L. Gundy*
	G.C. Flater-VP	R.J. O'Brien-VP	G.W. Humphrey
	N.R. Gish-VP&S	N.H. Shaw-VP	D.G. Kettering-VP
	J.K. Graf- T	J.C. Toma-VP	J.D. Leitch
	O.F. Lundell	A.W. Tomlin-VP	R.W. Main-VP&S
	A.M. McGavin	M.L. Wasik-S	J.E. Mitchell-VP
	J.F. McLeod	E.C. Went-VP	Sir M.I. Prichard-VP
	J.W. McSwiney		J.G. Staiger-VP
	H.T. Mead		H. Vajk-VP
	Alfred Powis-C		*C.W. Webster*
	D.A. Saunders-VP		Duke of Wellington
	G.H. Sheets		P.J. Wright-VP
	J.D. Simpson		
	T.B. Stanley, Jr.		
	W.R. Steen-VP		
	Stuart Waddell-VP		
	R.J. Whittle-VP		
	R.B. Wilson		
	A.H. Zimmerman		

DOMTAR LIMITED	STANDARD BROADCASTING CORPORATION LIMITED	HOLLINGER MINES LIMITED
J.A. McDougald	J.A. McDougald	J.A. McDougald-VP
A.E. Barron	A.E. Barron	
	G.M. Black,Jr.	
	W.C. Thornton Cran	
A.L. Fairley,Jr.		A.L. Fairley,Jr.-P
A.B. Matthews	A.B. Matthews	A.B. Matthews
	H.T. McCurdy-P	
		A.A. McMartin-C
M.C.G. Meighen-C	M.C.G. Meighen	M.C.G. Meighen
J.N. Swinden		
E.G. Aust	G. Allan Burton	Edouard Asselin
H.R. Crabtree	*P.P. Daigle*	*Lewis H.M. Ayre*
W.D. Davidson-VP	*A.D. Hamilton*	C.G. Cowan-S
G.M. Drodge	Donald H. Hartford-VP	D.M. Dunlap
J.E.L. Duquet	W.L. Knowlton	P.C. Finlay-VP&T
A. Gascon	R.P. Moody-VP	Duncan McMartin
Charles L. Gundy	J.M. Packham-VP,S&T	C. Bruce Ross-GM
R.T. Hager	J.L. Potts-VP	Margaret Thomson
A.D. Hamilton		
S.A. Kerr-VP&S		
J.G. Kirkpatrick		
Camille Lacroix		
Roger Létourneau		
J.P. Lunderville-VP		
Nathan Pitcairn		
L.A. Roberton-T		
Arthur Ross		
J.H. Smith-VP		
J.T. Timmins		
G.L. Tomlinson-VP		

Key: See Table E-1, p. 196.

Notes:
1. In March 1971, E.P. Taylor resigned as Chairman but continues to serve as a Director.
2. D.G. Baird resigned from the Board in March 1975.
3. Alex E. Barron was elected to the Board in 1972.
4. Dixon S. Chant was elected to the Board in 1974.
5. W.C. Thornton Cran died in March 1975.
6. H.N.R. Jackman was elected to the Board in 1975.

Table E-10

ARGUS CORPORATION LIMITED

PRINCIPAL BANK, LIFE INSURANCE AND TRUST COMPANY DIRECTORSHIPS OF DIRECTORS, 1945-74

Name	Company Directorship
W. Eric Phillips (deceased 1964)	Royal Bank of Canada Crown Trust Company* Confederation Life Association
Edward Plunket Taylor	Royal Bank of Canada National Trust Company Limited Excelsior Life Insurance Company Abbey International Insurance Company Roy West Banking Corporation Limited
M. Wallace McCutcheon (deceased 1969)	Canadian Imperial Bank of Commerce** Montreal Trust Company National Life Assurance Co. of Canada (C) London & Midland General Insurance Company Glen Falls Insurance Mutual Life Assurance Company of Canada
John A. McDougald	Canadian Imperial Bank of Commerce Crown Trust Company (C&P) First National Bank in Palm Beach, Florida
David G. Baird	Marine Midland Trust Company (U.S.)
Alex E. Barron	Canadian General Investments Limited (P) Canada Trust Company Third Canadian General Investment Trust (P) Huron & Erie Mortgage Corporation London Life Insurance Company
W.L. Bayer (deceased 1947)	Montreal Life Insurance Company
T.N. Beaupré (deceased 1974)	Royal Bank of Canada
E.W. Bickle (deceased)	Canadian Imperial Bank of Commerce Chartered Trust Company The Manufacturers Life Insurance Company London & Midland General Insurance Company
George M. Black, Jr. (deceased 1976)	Canadian Imperial Bank of Commerce Confederation Life Association
J.A. Bohannon	
G.P. Campbell (deceased)	
J.G. Campbell	
H.J. Carmichael	Toronto Dominion Bank (VP) Canada Permanent Trust
Dixon S. Chant	Crown Trust Company
W.C. Thornton Cran (deceased 1975)	Crown Trust Company
James S. Duncan	Canadian Imperial Bank of Commerce
A.L. Fairley	Canadian Imperial Bank of Commerce Crown Trust Company Sun Life Assurance Company of Canada
W.K. Fraser (deceased)	

Key: See Table E-1, p.196.

* - As a result of the 1967 Bank Act revision, Crown Trust had to retire 17 directors from the board.

** - The Imperial Bank of Canada and the Canadian Bank of Commerce amalgamated into one in 1961.

Table E-10
(continued)

P.M. Fox	Canadian Imperial Bank of Commerce Royal Trust Company
Wilfrid Gagnon (deceased 1963)	
Roger Gilbert	
J.W. Horsey (deceased)	Canadian Imperial Bank of Commerce (VP) Crown Trust Company Northern Assurance Company
K.S. Maclachlan (deceased)	
H.R. MacMillan (deceased 1976)	Canadian Imperial Bank of Commerce Canada Trust Company
A.B. Matthews	Canadian General Investments Limited Toronto Dominion Bank (VP) Excelsior Life Insurance Co. (VP&T) Canada Permanent Mortgage Corp. (C) Canada Permanent Trust (C, P & VP) Third Canadian General Investment Trust Toronto General Trusts Corporation Economic Investment Trust Limited Canada General Fund Incorporated (VP) Aetna Life & Casualty, Hartford, Conn.
Angus McClaskey	
Thomas G. McCormack	Crown Trust Company
H.T. McCurdy	
D.A. McIntosh	Bank of Montreal Confederation Life Association (VP) Toronto General Trusts, Corporation
A.A. McMartin	Canadian Imperial Bank of Commerce Crown Trust Company
R.G. McMullen	
M.C.G. Meighen	Royal Bank of Canada Canadian General Investments Ltd. (C) Canada Trust Company (VP) Canada General Fund Incorporated Third Canadian General Investment Trust (C) Huron & Erie Mortgage Corporation (VP) Guildhall Insurance Company Limited
Allan Miller	Toronto General Trusts Corporation
H.G. Munro (deceased 1957)	
Felix E. Notebaert (deceased)	
S. Freeman Raymond	Mutuelle Canadienne Limitée
J.N. Swinden	
A.A. Thornbrough	Canadian Imperial Bank of Commerce Crown Trust Company
J.S.D. Tory (deceased 1965)	Royal Bank of Canada Montreal Trust Company Sun Life Assurance Company of Canada

Table E-11

BANK, LIFE INSURANCE AND TRUST COMPANIES

DIRECTORS WHO WERE ALSO DIRECTORS OF

ARGUS CORPORATION LIMITED, 1945-74

Company	Director
Canadian Imperial Bank of Commerce	M. Wallace McCutcheon John A. McDougald E.W. Bickle George M. Black, Jr. James S. Duncan A.L. Fairley P.M. Fox J.W. Horsey H.R. MacMillan A.A. McMartin A.A. Thornbrough
The Royal Bank of Canada	W.E. Phillips E.P. Taylor T.N. Beaupré M.C.G. Meighen J.S.D. Tory
Bank of Montreal	D.A. McIntosh
Toronto Dominion Bank	H.J. Carmichael A.B. Matthews
Roy West Banking Corporation	E.P. Taylor
First National Bank in Palm Beach, Florida	John A. McDougald
Confederation Life Association	W.E. Phillips George M. Black, Jr. D.A. McIntosh
Northern Assurance Company	J.W. Horsey
National Life Assurance Co. of Canada	M. Wallace McCutcheon
Excelsior Life Assurance Company	E.P. Taylor A.B. Matthews
Sun Life Assurance Co. of Canada	A.L. Fairley J.S.D. Tory
Abbey International Insurance Co.	E.P. Taylor
Manufacturer's Life Insurance Co.	E.W. Bickle
London Life Insurance Co.	A.E. Barron
Montreal Life Insurance Co.	W.L. Bayer
Guildhall Insurance Co. Ltd.	M.C.G. Meighen
Glen Falls Insurance	M. Wallace McCutcheon

Table E-11
(continued)

Mutual Life Assurance Co. of Canada	M. Wallace McCutcheon
London & Midland General Insurance	M. Wallace McCutcheon E.W. Bickle
Crown Trust Company	W. Eric Phillips John A. McDougald Dixon S. Chant W.C. Thornton Cran A.L. Fairley J.W. Horsey Thomas G. McCormack A.A. McMartin A.A. Thornbrough
Canadian General Investments Ltd.	A.E. Barron A.B. Matthews M.C.G. Meighen
Royal Trust Company	P.M. Fox
Montreal Trust	M. Wallace McCutcheon J.S.D. Tory
Toronto General Trusts Corp.	D.A. McIntosh A.B. Matthews Allan Miller
Canada Trust Company	A.E. Barron H.R. MacMillan M.C.G. Meighen
National Trust Company Limited	E.P. Taylor
Canada Permanent Trust	H.J. Carmichael A.B. Matthews
Canada Permanent Mortgage Corp.	A.B. Matthews
Third Canadian General Investment Trust	A.E. Barron A.B. Matthews M.C.G. Meighen
Huron & Erie Mortgage Corp.	A.E. Barron M.C.G. Meighen
Economic Investment Trust Ltd.	A.B. Matthews
Marine Midland Trust Company	David G. Baird
Chartered Trust	E.W. Bickle
Canada General Fund Inc.	A.B. Matthews
Mutuelle Canadienne Ltée	S. Freeman Raymond

NOTES

CHAPTER 1-ARGUS CORPORATION LIMITED

1. A name from Greek mythology, referred to as a hero who was reputed to have countless eyes and was called "all-seeing".

2. Floyd Odlum, a lawyer who became a Vice-President of the Electric Bond & Share Company, a giant public utility holding and servicing company, built up one of Electric Bond & Share's subsidiaries, the American & Foreign Power Corporation, of which he was Vice-Chairman.

   In 1923 he and George Howard, then a partner of the law firm of Simson, Thacher & Bartlett, put up $10,000 each, as did their respective wives, and incorporated a small company, the United States Company, primarily as a hobby "to see what could be done" to make their stake increase. Odlum's brother-in-law, L. Boyd Hatch, joined the venture the following year; other friends joined them later.

   By 1928, the contributed capital of some $300,000 had doubled in value.

   The group formed a Canadian company which absorbed the original company, raised more capital, and then, in July 1929, formed in Delaware the Atlas Corporation, to which was transferred the Odlum's, the Howard's, and Hatch's Canadian company stock plus some $3 million worth of securities in exchange for Atlas stock and option warrants. In the spring of 1930 Atlas had assets of about $17 million. From this base Odlum launched Atlas on its career of acquisition and absorption until 1936. In the course of its program Atlas Corporation acquired control of 21 investment companies. Of these 21 companies, control of 2 was sold by Atlas at a profit, 16 were dissolved, and 3 were consolidated with Atlas in October 1936.

   During 1930, Odlum's investigation of investment companies indicated that the market value of their securities was at least 35 per cent less than the actual value of the assets owned by the holders of such securities. The opportunity was presented to acquire the portfolios of diversified securities of other investment companies at a total price less than their actual value.

   The best-known of the acquisitions of the Atlas Corporation were the Goldman Sachs Trading Corporation (whose name was changed to the Pacific Eastern Corporation in 1933), the Shenandoah Corporation, and the Blue Ridge Corporation. Blue Ridge again became independent of Atlas in 1935. Hugh Bullock, <u>The Story of Investment Companies</u> (New York, 1959), pp. 49-51.

3. Sue Baptie, _First Growth: The Story of British Columbia Forest Products Limited_ (Vancouver: British Columbia Forest Products Limited, 1975), p. 25.

4. Argus Corporation Limited, Annual Reports, 1945-75.

5. _Ibid_.

6. Canada, Restrictive Trade Practices Commission, _Report_ (Ottawa, 1955).

7. _Ibid_.

8. _Ibid_.

9. Letter to Mrs. Clark S. Jennison dated June 2, 1942, in _ibid_.

10. Restrictive Trade Practices Commission, _Report_.

11. Financial Post Corporation Service.

12. Canadian Breweries Limited, Application to the Montreal Stock Exchange dated May 26, 1943.

    During the period 1930-40 inclusive shares in the capital stock of the company were issued in exchange for shares in the following subsidiaries:

	Preference	Common
The Brading Breweries Limited	24,699	49,398
British American Brewing Company Limited	10,486	15,312
Budweiser Brewing Company Limited		2,874
Canada Bud Breweries Limited		7,510
Cosgrave's Dominion Brewery Limited		64,973
Carling Breweries Limited	8,971½	44,956
Eastern Canada Brewing Corporation	59,109½	59,107
Kuntz Beverages Limited		204
Kuntz Brewery Limited	15,190	15,190
People's Brewery Limited		229
Taylor & Bate Limited	815	815

On March 29, 1930, shares in the capital stock were issued in exchange for 4,992 shares Kuntz Brewery Limited,

		Preference	Common
95,915 shares Taylor & Bate Limited, 15,000 Class A and 37,491 Class B British American Brewing Co. Limited		24,182	49,183
Director's qualifying shares issued out of capital			20
In the period 1930-34 preference shares were issued for a total cash consideration of $440,050		24,090	
In the period 1930-39 inclusive the company issued common shares for a total cash consideration of $2,070,550 and for services rendered			355,372
		167,543	665,143
Less Preference shares redeemed	228		
Preference shares converted	4,128	4,356	
Add shares converted into common			10,060
		163,187	675,203

13. Moody's Manual of Investments, 1933.

14. Ibid.

15. Restrictive Trade Practices Commission, Report.

16. Ibid.

17. Ibid.

18. Ibid.

19. Ibid.

20. Ibid.

21. Ibid.

22. Ibid.

23. Ibid.

24. Financial Post Corporation Service.

25. Maclean's Magazine, March 1, 1950.

26. Canadian Breweries Limited, prospectus, Oct. 11, 1951.

27. James S. Duncan, Not a One-Way Street (Toronto, 1971).

28. Financial Post, Nov. 27, 1943.

29. Restrictive Trade Practices Commission, Report.

30. Fortune Magazine, August 1959.

31. Ibid.

32. Ibid.

33. Ibid.

34. Baptie, op. cit., p. 29.

35. Fortune Magazine, August 1959.

36. Argus Corporation, prospectus, Nov. 21, 1945.

37. Ibid.

38. Ibid.

39. Argus Corporation, Annual Reports, Semi-Annual Reports and prospectuses, 1945-75.

40. Argus Corporation, prospectus, Nov. 21, 1945.

41. Argus Corporation, Brief to Royal Commission on Corporate Concentration, Oct. 6, 1975, p. 19.

42. Ibid.

43. Ibid., pp. 19-20.

44. Ibid., p. 1.

45. Argus Corporation, Annual Reports, Semi-Annual Reports and prospectus, 1945-75.

46. Ibid.

47. Ibid.

48. Ibid.

49. Ontario, Department of Consumer and Corporate Affairs.

50. Ontario Securities Commission.

51. Power Corporation of Canada Limited, Annual Reports, 1966-75.

52. Toronto Star, June 1, 1969.

53. Argus Corporation, letter to shareholders dated April 8, 1975.

54. Power Corporation of Canada, Interim and Annual Reports, 1965-75.

55. Ibid.

56. Private Communication.

CHAPTER 2-INTERLOCKS

1. Sue Baptie, First Growth: The Story of British Columbia Forest Products Limited (Vancouver: BCFP, 1975), p. 30.

2. Industrial Canada (Nov. 1945), p. 137.

3. British Columbia Forest Products Limited, prospectus, May 16, 1946.

4. Globe and Mail, June 1, 1955.

5. Financial Post, Nov. 3, 1945.

6. Ibid., May 15, 1930.

7. Ibid., April 7, 1951.

8. Globe and Mail, June 1, 1955.

9. Financial Post, May 21, 1955.

10. Argus Corporation Limited, 1954 Annual Report, Dec. 15, 1954.

11. Globe and Mail, June 1, 1955.

12. Ibid.

13. Ibid.

14. Ibid.

15. Argus Corporation, prospectus, Feb. 17, 1956.

16. Ibid.

17. Financial Post Corporation Service.

18. Canada, Restrictive Trade Practices Commission, Report, (Ottawa, 1955).

19. Ibid.

20. Ibid.

21. Argus Corporation, prospectus, Oct. 18, 1954.

22. Ibid.

23. Globe and Mail, Oct. 9, 1954.

24. Argus Corporation, 1954 Annual Report.

25. Financial Post, Oct. 16, 1954.

26. Ibid.

27. Argus Corporation, prospectus, Oct. 15, 1954.

28. Argus Corporation, 1954 Annual Report.

29. Argus Corporation, prospectus, Sept. 18, 1961.

30. Inter-Corporate Ownership (Ottawa: Statistics Canada, 1974).

31. Toronto Star, April 6, 1963.

32. Argus Corporation, 1953 Annual Report, Dec. 15, 1953.

33. Canadian Equity and Development Limited, prospectus, Feb. 28, 1967.

34. Canadian Equity and Development, letter to shareholders, dated June 7, 1968.

CHAPTER 3-MAJOR LONG-TERM INVESTMENTS

CANADIAN BREWERIES LIMITED

1. Canada, Restrictive Trade Practices Commission, *Report*, (Ottawa, 1955).
2. *Ibid*.
3. Argus Corporation Limited, prospectus, Nov. 21, 1945.
4. Argus Corporation, Annual Reports, 1946-68.
5. Restrictive Trade Practices Commission, *Report*.
6. Canadian Breweries Limited, Annual Reports, 1945-68.
7. *Ibid*.
8. Restrictive Trade Practices Commission, *Report*.
9. *Ibid*.
10. *Ibid*.
11. *Ibid*.
12. Toronto *Star*, June 26, 1951.
13. Financial Post Corporation Service.
14. *Financial Post*, June 30, 1951.
15. *Ibid*., March 20, 1952.
16. *Globe and Mail*, April 16, 1952.
17. Dow Brewery Limited, Annual Reports, 1945-64.
18. Financial Post Corporation Service.
19. Restrictive Trade Practices Commission, *Report*.
20. *Ibid*.
21. Financial Post, *Survey of Industrials*, 1945-64.
22. Western Canadian Breweries Limited, prospectus, Feb. 14, 1950.
23. Restrictive Trade Practices Commission, *Report*.

24. Western Canada Breweries Limited, Annual Reports, 1947-63.

25. Restrictive Trade Practices Commission, Report.

26. Financial Post Corporation Service.

27. Canadian Breweries Limited, Annual Reports, 1945-68.

28. Restrictive Trade Practices Commission, Report.

29. Ibid.

30. Financial Post, May 24, 1956.

31. Financial Post Corporation Service.

32. Ibid.

33. Ibid.

34. Ibid.

35. Ibid.

36. Ibid.

37. Ibid.

38. Over an eight-to-twelve-month period in 1964, a number of beer consumers had died in Quebec City. A rumor in the press related these deaths to Dow beer, a brand made and marketed by Dow Brewery Limited, a subsidiary of Canadian Breweries Limited (now Carling O'Keefe Limited). Although the real cause proved to be heart disorders resulting from overindulgence, Dow's image was severely damaged.

39. Restrictive Trade Practices Commission, Report.

40. Financial Post Corporation Service.

41. Argus Corporation, 1968 Semi-Annual Report, June 20, 1968.

DOMINION STORES LIMITED

42. Toronto Star, Aug. 15, 1975.

43. Ibid.

44. Argus Corporation, Annual Reports, 1945-75.

45. Dominion Stores Limited, 1955 Annual Report (fiscal year ended March 19, 1955).

46. Ibid., 1958 Annual Report (fiscal year ended March 22, 1958).

47. Dominion Stores, prospectus, March 3, 1975.

48. General Bakeries Limited, prospectus, April 4, 1946.

49. In 1950, Gordon Leitch, president and general manager of Toronto Elevators Limited, and the largest shareholder in Maple Leaf Milling Company, purchased the controlling block of stock in Purity Flour Mills from Taylor, McDougald & Company. Maple Leaf Milling Company, through an exchange of shares, acquired 95% of the common shares of Purity Flour Mills in November 1951.

50. General Bakeries Limited, prospectus, April 4, 1946:

> The company is proposing to purchase the working assets (including lands, buildings, plant machinery, equipment, trucks, motors and other physical assets), certain book and other debts, inventories, stock-in-trade and supplies and all assets (other than cash on hand and on deposit bills, notes, securities and refundable parts of Excess Profits, Tax) previously owned and used by Brousseau Limitee, Montreal, Purity Bread Limited, Toronto, Bryce Bakeries Limited, Winnipeg and Brandon, and Robertson's Bakeries Limited, Vancouver, (subsidiaries of Purity Baking Company Limited) in the conduct of their respective businesses. The Company is to acquire the whole interest of the companies presently owning such properties.
>
> The said properties are to be purchased by the Company from Taylor, McDougald & Company Limited, 15 King Street West, Toronto, at a price of $1,406,250 for all of such assets other than book and other debts and inventories, stock-in-trade and supplies. The price payable by Taylor, McDougald & Company Limited to Purity Baking Company Limited for all such assets other than book and other debts and inventories, stock-in-trade and supplies as aforesaid is $1,300,000.
>
> The said book and other debts are to be purchased at the principal amount thereof less reserve (if any) for bad and doubtful debts. The inventories, stock-in-trade and supplies are to be purchased

at the lower of cost or market value. There are to be the usual adjustments on closing including interest on the purchase price having regard to the fact that the businesses of the companies whose assets are being acquired are being operated for the benefit of the Company from a past date. The Company in addition is to pay the delivered cost of certain machinery heretofore ordered under purchase commitments not included in the fixed asset accounts on January 9, 1946, and the cost of alterations made at the plants since last mentioned date and will assume other contracts and commitments of Brousseau Limitee, Purity Bread Limited, Bryce Bakeries Limited and Robertson's Bakeries Limited. As at present advised the management considers that the cost of such machinery and alterations payable on the acquisition of such properties will be approximately $50,000 and the maximum amount expendable in respect of such commitments if and when the program is fully completed will not exceed $297,000.

A brief description of the operations being acquired follows:

BROUSSEAU LIMITEE was incorporated in 1925 and operates in the City of Montreal.

PURITY BREAD LIMITED was incorporated in 1929 and operates in the City of Toronto.

BRYCE BAKERIES LIMITED was incorporated in 1930 and operates a baking business in Winnipeg and also in Brandon.

ROBERTSON'S BAKERIES LIMITED was incorporated in 1926 and operates in the greater Vancouver area.

51. Ibid.

52. Royal Commission on Corporate Concentration, Transcript of hearings, Vol. 9 (Toronto, Dec. 15, 1975) p. 45.

MASSEY-FERGUSON LIMITED

53. E.P. Neufeld, The Global Corporation (Toronto, 1969), p. 15.

54. Ibid., pp. 35-37.

55. Massey-Harris Limited, 1942 Annual Report.

56. Massey-Harris, 1943 Annual Report.

57. Argus Corporation, prospectus, Nov. 21, 1945.

58. Arguments in favour of a reorganization of the capital structure of the company arose because of heavy losses sustained during the depression, which--together with the loss of German assets--had, by November 30, 1939, created an accumulated deficit of $20.7 million. This amount had risen to $21.3 million by November 30, 1940, because of the need to write off properties under enemy control in France, Belgium, and Denmark. The near-term prospects for eradicating that deficit were not favourable and, as long as the deficit existed, the company could not pay dividends on its preference and common shares. Preference shareholders, who had not received a dividend since 1930, demanded a capital reorganization. A plan was completed and circulated, and a special meeting of common shareholders was called for November 27, 1941, to consider the matter. It became evident before the meeting that a group of common shareholders soliciting proxies would oppose the change, which was supported by management. The proposal envisaged a reduction of the share capital by $24.4 million through the exchange of 739,622 common shares standing on the books at $26.8 million for 732,508 new common shares valued at $4.8 million; and the exchange of 120,899 preferred $100 par value shares on the books at $12.1 million for 483,596 preference $20 par value shares valued at $9.7 million. This proposed reduction was sufficient to eliminate the accumulated deficit of $21.3 million, to cover other contingencies of $1.0 million, and to leave a surplus of $2.2 million. The payment of dividends on the new preferred shares would be cumulative with respect to dividends up to $1.25 a share for five years and three months, to the extent of net earnings in that period. The minimum accumulation in any year was to be 75¢ per share and payment of dividends would be mandatory to the extent of 75 per cent of net earnings. After November 30, 1946, the preferred shares were to become fully cumulative. The company could, during the five and one-quarter years, pay dividends in cash or 5 per cent debentures or both. In addition, in settlement for preferred dividends in arrears since 1930, totalling $6.0 million, it was proposed to give preference stock shareholders 49.5 per cent of the new issue of common stock leaving 50.5 per cent for the old common stock shareholders. Also each preferred share was to be convertible into two common shares as long as 322,399 or more preference shares were outstanding, and into one and a

half common shares as long as less than that number but more than 161,200 preference shares were outstanding, with a one-for-one conversion thereafter. As a result, existing common shareholders would lose majority control of the company as soon as preference shares were converted.

At another special meeting of voting shareholders, held on December 2, 1941, 433,692 votes were cast in favour of the plans and 101,267 against. As the required 75 per cent of shares represented and voted was exceeded, the legal order approving the reorganization was allowed in January 1942 in spite of opposing arguments, and in March 1942 resumption of preferred dividends began. Neufeld, op. cit., pp. 39-42.

59. Argus Corporation, 1946 Annual Report, Dec. 16, 1946.

60. James S. Duncan, Not a One-Way Street (Toronto, 1971), p. 147.

61. Private communication.

62. Duncan, op. cit., pp. 147-49.

63. Argus Corporation, 1947 Annual Report.

64. Neufeld, op. cit., p. 42.

65. Argus Corporation, Annual Reports, 1945-75.

66. ARGUS OWNERSHIP OF MASSEY

1945-75

Year	Shares Outstanding Preference	Common	Shares Purchased (Sold) by Argus	Total Massey Shares owned by Argus	Percentage Ownership
1944	483,596	732,508			
1945	478,421	742,858	55,195[a]	110,390	14.9
1946	289,172	1,108,561	39,610	150,000	13.5
1947	257,785	1,174,322½	15,000	165,000	14.1
1948	161,200	1,338,114	(10,000)	155,000	11.6
1949	161,200	1,356,064		155,000	11.3
1950	0	1,539,160		155,000	10.1
1951	0	7,695,800[b]		775,000	10.1
1952	0	7,695,800		775,000	10.1
1953	0	9,500,855		775,000	8.2

Year	Shares Outstanding: Preference	Shares Outstanding: Common	Shares Purchased (Sold) by Argus	Total Massey Shares Owned by Argus	Percentage Ownership
1954	0	9,500,855	725,000	1,500,000	15.8
1955	248,170[c]	9,519,155		1,500,000	15.8
1956	245,596	9,519,155		1,500,000	15.8
1957	243,646	9,519,155		1,500,000	15.8
1958	242,570	9,552,248		1,500,000	15.6
1959	259,860	12,075,911		1,500,000	12.4
1960	259,665	12,098,741		1,500,000	12.4
1961	259,610	12,200,868		1,500,000	12.3
1962	254,834	12,268,599		1,500,000	12.2
1963	254,748	13,495,948[d]	150,000	1,650,000	12.2
1964	0	14,820,038		1,650,000	11.1
1965	0	15,059,025		1,650,000	11.0
1966	0	18,129,314[e]	330,000	1,980,000	10.9
1967	0	18,130,670		1,980,000	10.9
1968	0	18,130,670	120,000	2,100,000	11.6
1969	0	18,195,450	750,000	2,850,000	15.7
1970	0	18,195,450		2,850,000	15.7
1971	0	18,195,450		2,850,000	15.7
1972	0	18,195,450		2,850,000	15.7
1973	0	18,236,050		2,850,000	15.6
1974	0	18,247,850		2,850,000	15.6
1975	1,600,000	18,250,350	150,000	3,000,000	16.4

Notes:
a. Converted to common shares on a 2-for-1 basis.
b. Stock split on a 5-for-1 basis.
c. See note 68 below: Conversion of $4\frac{1}{2}$-$5\frac{1}{2}$ preference shares.
d. Rights offering 1-for-10 at $10; 1,226,894 issued.
e. Rights offering 1-for-5 at $26; 3,027,985 issued.

Source: Argus Corporation Limited, Annual Reports and prospectuses.

67. Massey-Ferguson, Annual Reports, 1940-55.

68. MASSEY-FERGUSON LIMITED

CONVERSION OF 4½% AND 5½% PREFERENCE SHARES

1955-64

Year	Number Converted into Common Shares	Number of Resulting Common Shares	Number of Preference Shares Redeemed	Total Preference Shares Outstanding
	4½% Preference Shares			
1955	1,830	18,300[a]		248,170
1956	0	0	2,574	245,596
1957	0	0	1,950	243,646
1958	1,076	10,760[a]	0	242,570
1959	231,973	2,319,730[a]	0	10,597
1959	737	5,896[b]	0	9,860
1960	0	0	195	9,665
1961	45	360[b]	10	9,610
1962	4,646	37,168[b]	125	4,839
1963	65	455[c]	21	4,753
1964	4,700	32,900[c]	53	0
	5½% Preference Shares			
1959	0	0	0	250,000
1959	0	0	0	250,000
1960	0	0	0	250,000
1961	0	0	0	250,000
1962	5	30[d]	0	249,995
1963	0	0	0	249,995
1964	249,178[e]	0	817	0

Notes: a. Converted to common shares on a 1-for-10 basis.
b. Converted to common shares on a 1-for-8 basis.
c. Converted to common shares on a 1-for-7 basis.
d. Converted to common shares on a 1-for-6 basis.
e. Converted to common shares on a 1-for-5 basis.

Source: Financial Post Corporation Service.

69. Neufeld, op. cit.

70. Duncan, op. cit., pp. 155-57, and Massey-Ferguson, Annual Reports, 1947-56.

MASSEY-FERGUSON LIMITED

SUMMARY OF FINANCIAL DATA

1947-56

(Millions of Dollars)

	1947	1948	1949	1950	1951*	1952	1953	1954	1955	1956
Sales	89.0	154.5	186.7	196.0	251.9	293.0	249.1	297.7	367.3	355.1
Earnings	4.1	8.4	13.4	15.0	13.1	10.9	7.4	7.2	12.2	3.1
Dividends	1.3	1.3	2.9	7.0	5.8	4.6	4.9	5.7	5.7	4.8
Payout (%)	27.5	16.5	21.9	47.4	38.2	42.6	62.5	78.9	85.7	227.3
Total assets	63.1	93.5	106.0	135.6	148.1	162.6	198.5	198.9	279.0	296.0
Inventories	36.0	50.8	47.7	53.7	80.2	83.3	81.3	87.1	129.3	133.7
Debt	22.5	35.3	45.6	55.9	56.9	71.0	73.7	75.6	74.3	79.2
Equity	25.8	33.4	43.6	50.7	58.0	63.9	82.7	86.9	111.9	154.6

Note: * - Stock split 5-for-1 in March 1951.

Analysis

	1947	1948	1949	1950	1951*	1952	1953	1954	1955	1956
Inventory turnover	2.8x	3.6x	3.8x	3.9x	3.8x	3.6x	3.0x	3.5x	3.4x	2.7x

Average annual growth rate from 1947 to 1956 in:

Sales	16.6%
Assets	18.7%
Inventories	15.7%
Debt	15.0%
Equity	22.0%

Source: Massey-Ferguson, Annual Reports, 1947-56.

71. Duncan, op. cit., and Massey-Ferguson, Annual Reports, 1950-56.

72. Neufeld, op. cit., chap. 7.

73. Colin Fraser, Harry Ferguson, Inventor and Pioneer (London, 1972).

74. Neufeld, op. cit., chap. 6.

75. Ibid., p. 146.

76. It should also be noted that Ferguson had two other points of confrontation, first his right under the merger agreement to remain in charge of design of Ferguson equipment, and second the pricing policy on equipment. Ibid., pp. 176-79.

77. Globe and Mail, Oct. 16, 1954.

78. Massey-Ferguson, Annual Reports, 1954-57.

79. Fortune Magazine (Oct. 1958)

80. Ibid.

81. "A multinational corporation is one in which national corporations in individual countries are responsible for product development and marketing decisions in their country or region but are subject to the over-all coordination of the corporate headquarters." Canada, Royal Commission on Farm Machinery, Report (Ottawa, 1971).

82. Massey-Ferguson, Annual Reports, 1953-75.

BRITISH COLUMBIA FOREST PRODUCTS LIMITED

83. Sue Baptie, First Growth: The Story of British Columbia Forest Products Limited (Vancouver: BCFP, 1975), pp. 21-24.

84. Ibid., p. 1.

85. Ibid., pp. 25 and 273.

86. Ibid., p. 273, and Financial Post Corporation Service.

87. Baptie, op. cit., p. 30.

88. Argus Corporation, Semi-Annual Report, March 30, 1946.

89. Argus Corporation, 1946 Annual Report, Dec. 16, 1946.

90. Argus Corporation, 1950 Annual Report, Dec. 12, 1950.

91. Argus Corporation, prospectus, Oct. 18, 1954.

92. BCFP, prospectus, May 15, 1967.

93. Argus Corporation, 1968 Annual Report, Dec. 16, 1968.

94. Financial Post Corporation Service.

95. BCFP, prospectus, May 16, 1946.

96. Baptie, op. cit., pp. 26-27.

97. _Ibid_., p. 32.

98. _Ibid_., pp. 39-40.

99. _Ibid_., pp. 8-9.

100. _Ibid_., pp. 10 and 43.

101. _Ibid_., p. 43.

102. _Ibid_., p. 36.

103. _Ibid_., p. 12.

104. Baptie, _op. cit_., and Financial Post Corporation Service.

105. BCFP, prospectus, May 15, 1967.

106. Financial Post Corporation Service.

107. _Northern Miner_, July 6, 1972.

108. Financial Post Corporation Service.

109. _Financial Post_, March 29, 1969.

110. Ontario Securities Commission, _Bulletin_, Jan., Feb., and March 1969.

111. BCFP, 1969 Annual Report, March 10, 1970.

112. The BCFP Board of Directors was changed as follows:

1968 Board of Directors

Arthur F. Armstrong, President, Scott Paper Limited, New Westminster, B.C.

Ian A. Barclay*, President & Chief Executive Officer, Vancouver, B.C.

T.N. Beaupré*, Chairman & President, Domtar Limited, Montreal, Quebec.

Charles D. Dickey, Jr.*, President, Scott Paper Company, Philadelphia, Pa.

Oscar F. Lundell, Q.C.*, Senior Partner, Lawson, Lundell, Lawson & McIntosh, Vancouver, B.C.

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* - Member of the Executive Committee.

Allan M. McGavin*, President & General Manager, McGavin ToastMaster Limited, Vancouver, B.C.

H.T. Mead, Chairman of Finance Committee, The Mead Corporation, Dayton, Ohio.

G. Willing Pepper, Vice-President, Scott Paper Company, Philadelphia, Pa.

T.G. Rust, Executive Vice-President, Vancouver, B.C.

J.N. Swinden, General Manager, Argus Corporation Limited, Toronto, Ont.

E.P. Taylor*, President, The New Providence Development Company Limited, Bahama Islands.

H.E. Whitaker*, Director, The Mead Corporation, Dayton, Ohio.

R.B. Wilson, Chancellor, University of Victoria, Victoria, B.C.

1969 Board of Directors

Arthur F. Armstrong, President, Scott Paper Limited, New Westminster, B.C.

Ian A. Barclay*, President & Chief Executive Officer, Vancouver, B.C.

Charles D. Dickey, Jr.*, President, Scott Paper Company, Philadelphia, Pa.

Oscar F. Lundell, Q.C.*, Senior Partner, Lawson, Lundell & Co., Vancouver, B.C.

Allan M. McGavin*, President & General Manager, McGavin ToastMaster Limited, Vancouver, B.C.

H.T. Mead, Chairman of Finance Committee, The Mead Corporation, Dayton, Ohio.

G. Willing Pepper, Vice-President, Scott Paper Company, Philadelphia, Pa.

Alfred Powis*, President & Chief Executive Officer, Noranda Mines Ltd., Toronto, Ont.

T.G. Rust, Executive Vice-President, Vancouver, B.C.

J.D. Simpson, Chairman, Placer Development Limited, Vancouver, B.C.

H.E. Whitaker, Director, The Mead Corporation, Dayton, Ohio.

R.B. Wilson, Retired Businessman, Victoria, B.C.

A.H. Zimmerman*, Vice-President, Comptroller, Noranda Mines Limited, Toronto, Ontario.

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* - Member of Executive Committee.

113. Argus Corporation, 1973 Annual Report, Dec. 28, 1973.

STANDARD BROADCASTING CORPORATION LIMITED

114. Argus Corporation, Brief to the Royal Commission on Corporate Concentration, Oct. 6, 1975.

115. Standard Broadcasting, Annual Reports, 1945-75

116. Argus Corporation, Annual Reports, 1945-75.

117. A Report on Advertising Revenues in Canada (Toronto: MacLean-Hunter Research Bureau, 1975).

118. Toronto Star, March 14, 1975.

119. Standard Broadcasting, 1961 Annual Report (year ended March 31, 1961).

120. Standard Broadcasting, 1962 Annual Report (year ended March 31, 1962).

121. Standard Broadcasting, 1967 Annual Report (year ended March 31, 1967).

122. Canada, Special Senate Committee on Mass Media, Report (Ottawa, 1970).

123. Standard Broadcasting, 1971 Annual Report (year ended March 31, 1971).

124. Standard Broadcasting, 1972 Annual Report (year ended March 31, 1972), and private communication.

125. Standard Broadcasting, 1973 Annual Report (year ended March 31, 1973).

126. Standard Broadcasting, 1975 Annual Report (year ended March 31, 1975).

127. Globe and Mail, Feb. 13, 1976.

HOLLINGER MINES LIMITED

128. Hollinger Mines Limited, Annual Reports, 1960-75.

129. Argus Corporation, prospectus, Sept. 18, 1961.

130. Private communication.

131. Argus Corporation, Brief to the Royal Commission on Corporate Concentration, Oct. 6, 1975, p. 16.

132. Hollinger Mines, Annual Reports, 1960-75.

133. Argus Corporation, Annual Reports, 1960-75.

134. Argus Corporation, prospectus, Sept. 18, 1961.

135. Argus Corporation, prospectus, Sept. 4, 1962.

136. Financial Post Corporation Service.

137. George Loan, Canadian Profits (Toronto: Pitt Publishing, 1945), Vol. 1.

138. Labrador Mining and Exploration Company Limited, Listing Statement to the Toronto Stock Exchange, April 11, 1944.

139. Financial Post Corporation Service.

140. The M.A. Hanna Company, letter to shareholders, dated Oct. 11, 1961.

141. Financial Post Corporation Service.

142. Ibid.

143. Ibid.

144. Ibid.

145. Ibid.

146. Ibid.

147. Hollinger Mines, Annual Reports, 1962-75.

148. Northern Miner, July 6, 1972.

149. *Financial Post*, May 5, 1962.

150. Hollinger Mines, Annual Reports, 1962-75.

151. Financial Post Corporation Service.

152. Hollinger Mines, Annual Reports, 1962-75; Noranda Mines Limited, Annual Reports, 1962-75.

153. *Ibid*.

154. Kerr Addison Mines Limited, Annual Reports, 1962-75.

155. Hollinger Mines, Annual Reports, 1962-75.

156. *Ibid*.

CHAPTER 4-UNREALIZED INITIATIVES

FOOD COMPANIES

1. Moody's *Manual of Investments*, 1933. The three companies were Buckingham Ginger Ale Company Limited, Icy-Orange Company Limited and Latin America Orange Crush Limited. The exclusive rights were granted by the Orange Crush Company, an Illinois corporation.

2. *Financial Post*, April 13, 1940.

3. Financial Post Corporation Service.

4. *Ibid*. The company acquired O'Keefe's Beverages (Eastern) Limited in 1940, in a share exchange transaction. Two years later, Evangeline Beverages (Ontario) Limited and the O'Keefe's Beverages Limited (former Canadian Breweries soft drink subsidiary) were acquired. In 1945, the assets of King's Old Country Limited of Winnipeg were acquired and merged with Orange Crush (Western) Limited. In the same year a substantial interest in Charles Gurd & Company Limited, a Montreal manufacturer of carbonated beverages and syrups, was acquired. This interest was increased to 100%, in 1946, through a share exchange and open market purchases. In the interval the Kit Company, a Montreal cola maker, was acquired for cash.

5. Argus Corporation Limited, 1946 Annual Report, Dec. 16, 1946. All 50,000 preference shares of Orange Crush were called for redemption--44,649 shares were converted (4-for-5) into 34,719 1/5 common shares and the remaining 5,351 were redeemed at $12.50 per share and accrued dividends.

6. Financial Post Corporation Service. Payment was effected through a $2,000,000 2 3/4% seven-year term loan from the Bank of the Manhattan Company and $3,017,420 cash from the sale of 163,453 shares of Orange Crush.

7. Ibid. Through a package of serial, first mortgage sinking fund and general mortgage and collateral trust bonds, Orange Crush raised $1.4 million in 1945. Rights offerings in 1947 (50,000 shares: 1-for-5 at $18) and 1948 (150,000 shares: 1-for-2 at $8) raised the company an additional $0.9 million and $1.2 million respectively.

8. Executive Magazine, July 1965, p. 31.

9. Ibid.

10. Financial Post, Survey of Industrials (Toronto, 1960).

11. ARGUS INVESTMENT IN ORANGE CRUSH

1945-59

Year	Number of Shares Acquired (Sold)	Estimated Share Price	Approximate Value of Transaction
1945	25,000	$12.00	$ 300,000
	5,000[a]	12.00	60,000
1946	47,000	18.70[b]	879,000
1948	125,000	8.00[c]	1,000,000
	(2,650)	7.25[d]	(19,000)
1959	(198,350)		(1,500,000)

Estimated loss on investment: $720,000.

Notes: a. 5,000 preference shares converted into 4,000 common shares in 1946.
b. Purchased from Orange Crush.
c. Rights offering.
c. Average market price between Jan. 1 and Dec. 31, 1948.

Source: Argus Corporation Limited, Annual Reports and prospectuses.

12. Financial Post, April 13, 1940.

13. Moody's Manual of Investments, 1933. Honey Dew purchased from F.J. Ryan and D.E. Ryan the assets of the Honey Dew Company Limited.

14. Ibid., 1939. Taylor closed the unprofitable, old-fashioned, white-tiled, orange-lighted shops and redesigned and reopened them in better and cheaper locations. In a short time these stores became profitable.

15. Ibid., 1940.

16. Financial Post, Survey of Investments (Toronto, 1950). The 1940's acquisition program was financed through a series of three debt issues and one preference share issue:
(1) \$200,000 6% convertible debentures in 1940;
(2) \$750,000 5% convertible serial debentures in 1944;
(3) \$1,000,000 3½%-4% first mortgage and collateral trust serial bonds in 1945; and (4) \$2,500,000 4½% cumulative convertible redeemable preference shares.

17. An organization which supplied food and refreshments, as well as catering management, to industrial companies and universities. Canadian Food Products Limited, prospectus, July 10, 1944.

18. Ibid. Honey Dew was reorganized into a holding company on Jan. 18, 1943.

19. Argus Corporation, 1946 Annual Report, Dec. 16, 1946.

20. Canadian Food Products, prospectus, Nov. 1, 1946.

21. Canadian Food Products, Annual Reports, 1946-50.

22. Financial Post, Survey of Investments (1956).

23. Financial Post, Survey of Investments (1960). This expansion program made Industrial Food the fastest growing division of Canadian Food and the largest organization in its field by 1959, with 160 operations in Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba and Alberta.

24. Ibid. A comprehensive study completed in 1958 had revealed that if Canadian Food was to keep pace with progress in British Columbia and continue to provide quality food and services to its clients, a major expansion of existing facilities was required. After considerable deliberation, the decision was reached to sell these operations to White Spot Restaurants Limited in 1959.

25. Ibid. Salada-Shirriff-Horsey Limited resulted from the merger of J. William Horsey Corporation with Shirriff's Limited in 1955 and Salada Tea Company in 1957.

26. ARGUS INVESTMENT IN CANADIAN FOOD PRODUCTS, 1945-59

Year	Number of Shares Acquired (Sold)	Estimated Share Price	Approximate Value of Transaction
1945	49,700 30,680[a]	$14.00 18.00	$1,248,000
1946	(3,700) (580)[a]	16.35[b] 20.875[b]	(60,000) (12,000)
1959	46,000 30,000		(1,200,000)

Estimated profit on investment: $25,000.

Notes: a. Class "A" shares.
B. Average market price between Jan. 1 and Dec. 31, 1946.

Source: Argus Corporation Limited, Annual Reports and prospectuses.

NEWSPAPERS

27. George McCullagh merged the old Toronto Globe and the Mail and Empire in the 1930's. The Globe, a famous Toronto paper in the latter part of the nineteenth century under its founder George Brown, was bought by McCullagh from the Jaffray family. Senator Jaffray had acquired control in the 1880's. William Gladstone Jaffray, son of Senator Jaffray, was president from 1915 to 1936 when McCullagh purchased it. McCullagh bought the Mail and Empire from Isaac Walton Killam, whose fortune was based on stock promotion and whose estate duties, along with those of Sir James Dunn, founded the Canada Council. Although McCullagh made a considerable fortune himself in stock promotion he seems to have been assisted in the buying of these two newspapers by W.H. Wright, a promoter in the mining industry. (Globe and Mail, Feb. 14, 1955.)

28. R. Howard Webster's father, Senator Lorne Webster, put together a string of 250 companies, under the name Canadian Import Company Limited (which gained so tight a monopoly on the sale of British coal that he was found guilty of restrictive trade practices during a government investigation in 1933), that included steel, sugar, furs and insurance enterprises.

R.H. Webster was educated at Lower Canada College and McGill University. At the time of the purchase he was a director of Imperial Trust Company, Annis Furs, Detroit, Michigan, Holt Renfrew & Company, Acadia-Atlantic Sugar

Refineries Limited, U.S. Radiator Company, Eversharp Incorporated, Southwest Lumber Company, Central Coal & Coke Corporation, Penobscot Building Incorporated and Davis Leather Company. (Toronto Star, Feb. 1, 1955.)

29. Audit Bureau of Circulations.

30. In April 1914, Joseph E. Atkinson acquired a majority of shares and control of The Star Printing and Publishing Company. On December 23, 1933, The Star Printing and Publishing sold all its realty to Toronto Star Realty Limited and its undertakings and all other assets to the Toronto Star Limited, both incorporated as of that date for the respective purposes of holding realty and acting as a publishing corporation. While Atkinson controlled these companies and their direction was subject to no will but his own, he was not the only shareholder. "He could bequeath only the 16,570 shares he owned himself of the 20,000 issued.

The remaining 17.5 per cent of the shares were owned by his son, Joseph S. Atkinson, his daughter, Mrs. Ruth Hindmarsh, and William Pete Mulock, grandson of Sir William Mulock. Before his death, his son and daughter indicated their approval of the way he left his estate by agreeing that the shares they owned should go on their deaths to the Foundation, and in return Mr. Atkinson directed that certain annual payments be made to them and their survivors for life as a first claim upon the estate. There was no such undertaking in the case of the Mulock shares."

Ross Harkness, J.E. Atkinson of The Star (Toronto: University of Toronto Press, 1963), pp. 348-49.

31. Atkinson (born December 23, 1865, two miles east of the village of Newcastle, Ontario, as the youngest child of a family of eight) was 34 years old and managing editor of the Montreal Herald, a Liberal newspaper. He had just been offered the managing editor's position of the Montreal Star (which had the largest circulation of any English-speaking newspaper in Canada), a Conservative newspaper. Harkness, op. cit.

32. These men included Senator George Cox, president of the Canadian Bank of Commerce; Walter E.H. Massey, president of Massey-Harris; Hon. William Mulock, Postmaster General and chief Liberal organizer in Ontario; Timothy Eaton, the founder of the department store company, who had never been identified as a Liberal but greatly admired Sir Wilfrid Laurier; William Christie, head of the Christie-Brown Biscuit Company, who also had not

been known as a Liberal; Peter Larkin, founder of the Salada Tea Company, Plunkett Magann, a railway contractor who had made a fortune building the Canadian Pacific Railway; and E.T. Malone, one of Toronto's leading lawyers and a director of the Globe newspaper. Ibid., p. 20.

33. The future of the companies was made clear in three paragraphs in Atkinson's will:

> It is my desire that the ownership and operation of the newspapers known as The Toronto Daily Star and The Star Weekly shall not fall into private hands, and that the shares in the capital stock of The Toronto Star Limited and Toronto Star Realty Limited held by me shall be held in trust for and ultimately belong to The Atkinson Charitable Foundation or [under certain conditions] shall be held in trust for or transferred to charitable organizations which carry on their work solely in Ontario, selected by my Trustees.
>
> This should accomplish two things: (1) The publication of the papers will be conducted for the benefit of the public in the continued frank and full dissemination of news and opinions, with the profit motive, while still important, subsidiary to what I consider to be the chief functions of a metropolitan newspaper; (2) The profits from the newspapers will be used for the promotion and maintenance of social, scientific and economic reforms which are charitable in nature, for the benefit of the people of the province of Ontario.
>
> It is my hope the newspapers and the Foundation will be operated for these purposes by the Trustees whom I have chosen and by their successors, all of whom will be closely related to the newspaper business and familiar with the doctrines and beliefs which I have promoted in the past. It is my desire that the Trustees shall have the widest freedom possible in the decisions which they make in the operation of the newspapers and the charitable causes which they promote and maintain.

Quoted in ibid., p. 349.

34. The Charitable Gifts Act was introduced in the Ontario Legislature on March 23, 1949, by the Hon. Leslie Frost, Provincial Treasurer.

"Section (1) provided that 'wherever any interest in any business that is carried on for gain or profit is given to or vested in any person in any capacity for any religious, charitable, educational or public purpose, such person shall dispose of such portion thereof that represents more than 10 per cent interest in such business.' Existing charitable foundations had to comply with this provision before April 1, 1952.

"In introducing the bill, Mr. Frost said that when a charitable foundation is set up to run a business 'the charitable object may become secondary to the interests of the directors, managers and officers who would be by themselves and their successors trustees in perpetuity.... It is necessary and desirable that there should be some safeguards to assure that the charitable intent is carried out.' He said that without regulation a business run by a charitable foundation would 'no doubt become, a menace to competitive business and provide extremely unfair competition to businesses which are endeavouring to pay taxes and provide dividends for shareholders.'

"However, the Liberal and CCF members of the Legislature argued that the measure was inspired by political motives and a desire to harass a newspaper [The Toronto Star] unfriendly to the government. This was the opinion of the trustees and executors of the Atkinson estate and it found wide acceptance." Ibid., p. 356.

When the bill was introduced for second reading on April 6, 1949, it had been amended. The time limit had been extended from three to seven years, after which time the trustees might apply to the Supreme Court for an extension. As well, another clause provided for the determination of profits and the filing of information with the public trustee.

"The most important amendment, however, was a provision permitting the sale of the properties to trustees, officers, or directors with the approval of the Supreme Court of Ontario. Without this provision it might not have been possible for the present six directors to buy The Star in 1958. The Act went into effect April 8, 1949...." Ibid., p. 358.

35. "At the time of Atkinson's death the directors of The Star were also trustees of the Foundation....In his will he directed that the trustees of the Foundation should also be

trustees of his estate. But he provided that his son should be a trustee of the estate for life, regardless of whether he was a trustee of the Foundation."

Of the original seven trustees, only five survived Atkinson: J.S. Atkinson and H.C. Hindmarsh, both Vice-Presidents of the Star; George Maitland, Editor-in-Chief; F.L. Tate, business manager; and Alexander Stark, the Star's solicitor, and the man who had drafted the legal plan for the Atkinson Charitable Foundation. Ibid., p. 351.

36. In the late fall of 1954, John A. McDougald asked H.C. Hindmarsh, son-in-law of the founder, whether the trustees would consider selling the Star to outside interests. Hindmarsh replied that he had changed his mind about the public ownership of newspapers. "It gave politicians, he said, an excuse for interfering. He had concluded, he said, that of the two evils, a publicly owned newspaper under the thumb of politicians or a privately owned newspaper representing private interests, the latter was the lesser of the two." Ibid., p. 378.

37. Hindmarsh was quoted as saying that an offer of $25 million had been received from the Canadian-born, U.S. industrialist Cyrus Eaton, and that other bids ranging from $20 million to $23 million had come from Roy Thomson, owner of newspapers in Canada, the United States and the United Kingdom; Toronto industrialist E.P. Taylor; and the Southam chain of Canadian newspapers. Financial Post, Feb. 1, 1958.

38. The trustees were Joseph S. Atkinson (son of the founder), William J. Campbell (advertising manager of the Star and the Star Weekly), Ruth Atkinson Hindmarsh (daughter of the founder and widow of Harry C. Hindmarsh), Beland H. Honderich (Editor-in-Chief of the Star). Associated with the trustees in the application was Harry A. Hindmarsh (grandson of the founder and Associate City Editor). Ibid.

39. The trustees formed Hawthorn Publishing Company (incorporated under the laws of the Province of Ontario on February 6, 1958) to acquire as of the close of business on February 28, 1958, The Toronto Star Limited and Toronto Star Realty Limited under the purchase agreement referred to in paragraph (U) in the prospectus of the new company in May 1958. (HAWTHORN was derived from the initials of the director of this new publishing firm.) Toronto Star, March 27, 1958.

40. Ibid.